

OPTIMIZATION PROJECT

STATE DEPARTMENT'S PUBLIC DIPLOMACY
BUDGET

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12/8/2003

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SUMMARY

United States General Accounting Office (GAO) report titled "State Department Expands Efforts but Faces Significant Challenges" presented to the House of Representatives Committee on International Relations has concluded that the State Department uses anecdotal evidence and program outputs, rather than indicating progress in changing foreign public's understanding & opinions of the United States. The terrorist attacks of September 11, 2001 placed a special reliance on the State Department's public diplomacy functions, since publics in many foreign countries have unfavorable views of the United States. While it would be erroneous to tie an increase in world's unfavorable views of United States to an increase in terrorists acts against United States, we must concur with GAO's view that State Department's efficiency and effectiveness is critical in winning the hearts and minds of countries which are considered to be of strategic importance in winning the war on terrorism. I have boldly attempted to optimize the allocation of budget resources to each of the four public diplomacy programs of the State Department, using survey questions, which measure the efficiency and effectiveness of each program in producing a favorable view of the United States abroad.

In my model, I've relied on surveys conducted abroad by The Pew Research Center, and State Department's Performance Plan and Budget in Brief for the 2004 fiscal year. Telephone interviews conducted by State Department officers at the Office of Public Affairs and Policy Coordination, and email communication with retired State Department officers from diplomacy and administrative areas have been used in formulating my optimization project.

BACKGROUND

United States budget resources, approximately one billion dollars in 2003 allocated to non-military public diplomacy affairs are divided between the US State Department, and Broadcasting Board of

Governors. US State Department has hundreds of programs, however, for the purposes of this study and maintaining consistency with the GAO report, I have clumped these programs under four main headings:¹

- 1) Educational & Cultural Exchanges: Funds International Visitor, Fulbright, and other educational and cultural exchange programs
- 2) International Information Programs: Funds speaker programs, publications, and other activities
- 3) Other Programs: Funds programs related to public diplomacy, The Asia Foundation, National Endowment for Democracy, East-West Center, Eisenhower Exchange Fellowship Program, Israeli Arab Scholarship Fund
- 4) Public Affairs: Funds regional bureaus, primarily to cover the salaries, expenses, and activities of public diplomacy officers posted at U.S. embassies. State embassy officers engage in information dissemination, media relations, cultural affairs, and other efforts.

At the US State Department, Undersecretary for Public Diplomacy and Public Affairs, Patricia de Stacy Harrison, has significant influence for the establishment of the performance goals and the federal funds allocated to meet them. Harrison supervises the four programs I have listed above, also described in detail in Appendix I. Just as the State Department's performance goals are finalized in accordance with the priorities set by the President of the United States, the budget requests also involve the President, and are submitted to the President before the Congress avails funds based on the requests. The State Department's budget requests are finalized after review by Office of Management and Budget, and submitted to the President of the United States, who in turn submits the requests to the Congress for allocation and appropriation of federal resources. Office of Management and the State Department operate under the Executive Branch of the Government, and report to the President of the United States.

¹ "US Public Diplomacy, State Department Expands Efforts but Faces Significant Challenges," www.gao.gov/cgi-bin/getrpt?GAO-03-951 September 2003.

PROBLEM STATEMENT

In an attempt to develop a less anecdotal model of evaluating the effectiveness of State Department's public diplomacy programs, I've attempted to correlate the level of favorable opinions held abroad to funding, hence, achieving an optimum allocation of funding between each of the programs for maximizing positive views of the United States in foreign countries.

DATA

BUDGET

How much funding was used by each one of the four programs in achieving the favorable view citizens abroad held of the United States? Based on a prior telephone conversation with Kelly G. Shannon at the Office of Public Affairs and Policy Coordination at the State Department, I ran targeted searches on the State Department Web site, obtaining three crucial documents which provided information on key uses of the department's public diplomacy budget resources, similar to the analysis provided by the GAO report, which I have included in Appendix II.

SURVEYS

How favorable or unfavorable of a view did citizens of other nations held of the United States? Results from a single survey administered each year to measure the percentage of people who held a favorable, versus unfavorable view of the United States would have been ideal. Instead, I obtained survey data available from the Pew Research Center's Web site, the same organization cited in the GAO report for its survey results describing the increasingly unfavorable view of the United States Abroad. I have used a total of five surveys, which I have described in detail in Appendix III.

PERFORMANCE GOALS

How do public diplomacy goals established for the State Department contribute to the increase in favorable view of the United States abroad? While obtaining the public diplomacy goals from the State Department Web site was relatively easy, making the connection between the questions and the public

diplomacy goals, i.e. performance goals required subjective reinterpretation of the survey questions. A similar interpretation had to be performed between performance goals met, and the programs, which contributed to the meeting of those goals. The detailed descriptions of the four goals used in my analysis are included in Appendix V.

MODEL

The model relies on trendline formulas which are manually inputted, and used in predicting the percentage of favorable or unfavorable view of the United States obtained by a particular program in the achievement of a particular performance goal. The trendline formulas take the funding levels of the programs 2001 to 2003, and match them with the percentage of performance goal achieved. The questions, which measure the favorable versus unfavorable view held by citizens of other countries, are used in deriving percentage of performance goal achieved. The trendline formulas used in establishing a relationship between funding and percentages of performance goal achieved are included in Appendix IV.

The model uses goal programming with three separate approaches to allocating funding in a way that maximizes goodwill for the United States abroad. The first approach maximizes the minimum favorable results given a particular level of funding, while the second approach minimizes maximum unfavorable results given a particular level of funding. The third approach maximizes the minimum of favorable percentages subtracted from unfavorable percentages, i.e. net favor value.

ANALYSIS

I've made a number of assumptions in formulating my model regarding measuring performance results, each program's contribution to the percentage of performance goal achieved, and the general assumption of public opinion's relationship to money spent on changing public opinion.

For my first assumption, I have read every one of the sixty-three questions used in the formulation of my model, and re-evaluated the choices, which were given to the individuals who took the survey. For example, survey question 2.16 reads: "Overall, do ordinary people have a very favorable, mostly favorable, mostly unfavorable, or very unfavorable opinion of the US?" and five choices are offered, very favorable,

mostly favorable, mostly unfavorable, and very unfavorable. The model requires the classification of the responses as either favorable, or unfavorable for the United States, hence, a consistent handling of these type of multi-choice questions was collapsing the results into two camps, whereby very favorable and mostly favorable results would be aggregated as positive response for the US, and mostly unfavorable, and very unfavorable would be aggregated as negative response for the US. In addition, each question was classified in terms of which of the four performance goals it evaluated.

For my second assumption, I needed to relate programs to the percentage of favorable response achieved in the category of each performance goal. I reinterpreted based on rational interpretation, or perhaps subjective analysis the mission of each program. For example, Educational and Cultural Affairs Program had not as much to contribute in influencing leaders and decision makers of the world to move forward with policies favorable to the United States as the Public Affairs Program. On the other hand, the same program had a critical role in effectiveness of Performance Goal II, building mutual understanding and trust thru international exchanges. Accordingly I've matched programs with performance goals, which I've included in detail in Appendix VI.

For my third assumption, I created trendline graphs that looked at the performance goal achieved by a program. While the assumption is the simplest to comprehend, its overall justification of the model is critical. It may be suggested, that public diplomacy cannot be directly correlated to the program budget. In other words, favorable view cannot be bought, but rather is produced from actions and policies of the United States abroad. Initially, a negative correlation in the last three years collaborates this skeptical view. Indeed, as the funding for public diplomacy programs increased, the positive view the citizens of other countries held of the United States declined. In order to achieve productive results, smoothing percentages were added to favorable results, and subtracted from unfavorable results in order to isolate major world events from the percentages of performance goals, included in Appendix V. Not to over-apply toe trendline formulas is important, hence, I've placed an upper and lower limit of 10%, which makes it possible for the model to work for a total budget size of \$740,752,936, well above the \$737,376,720 for which the State Department has asked for in its budget request for the fiscal year 2004.

RESULTS

Better efficiency is indeed achievable using the model! For example, The State Department has asked for a total of \$739,376,720 for the public diplomacy programs for fiscal year 2004, which promises a minimum of 30.88% favorable view for the United States in year 2004. However, the same level of favorable view for the United States is possible by spending about \$701,951,675. In fact the level of minimum favorable view of the United States under the lower spending level solved by the model is 34.55%.

PROGRAM	FUNDING
Educational & Cultural Affairs	\$266,979,750
International Information Programs	\$77,677,425
Other Programs	\$57,384,750
Public Affairs	\$299,909,750

The following items could improve the model for more dependable and accurate results:

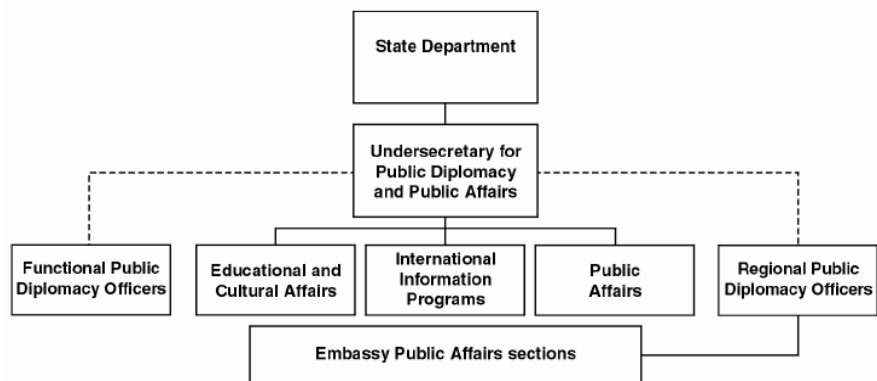
- 1) Three data points may not be sufficient for an accurate trendline. Statistical analysis may be needed to calculate the sample size, i.e., the number of years required to predict the relationship between percentages of performance goals versus funding. By perfecting the trendlines, a larger upper and lower limit may be used. Similarly, sample size analysis can be used to calculate the number of questions which should be asked for each performance goal.
- 2) Major foreign policy, defense, or trade decisions have a great influence on the level of smoothing performance that should be used. A more uniform method could be developed in analyzing the effects of these type of major decisions.
- 3) A more accurate method of finding the percentage of performance factors may be achieved by deriving questions, which address each of the performance goals for that year. However, since performance goals change from year to year, a post analysis similar to the method

used in this model may be required. In that case, in order to reduce bias, expert panels, or focus groups may be formed to evaluate the relationship between questions, and performance goals.

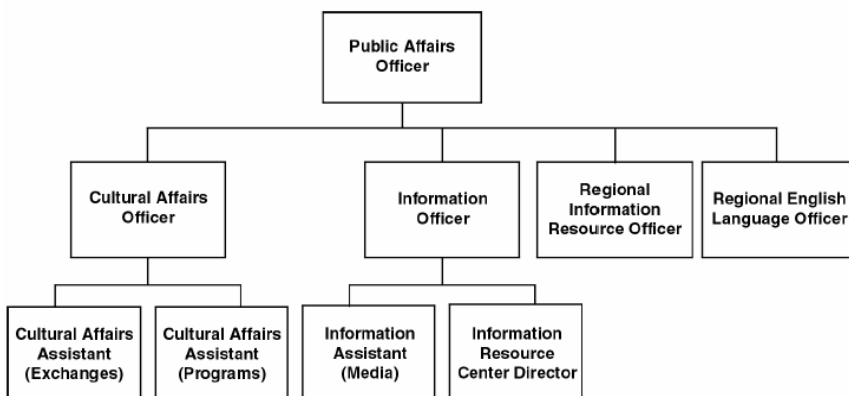
- 4) A method of automatically updating the trendlines with changes in data will improve user efficiency.

APPENDIX I

STATE'S ORGANIZATIONAL STRUCTURE FOR PUBLIC DIPLOMACY²



A TYPICAL PUBLIC DIPLOMACY SECTION AT A LARGE U.S. EMBASSY³

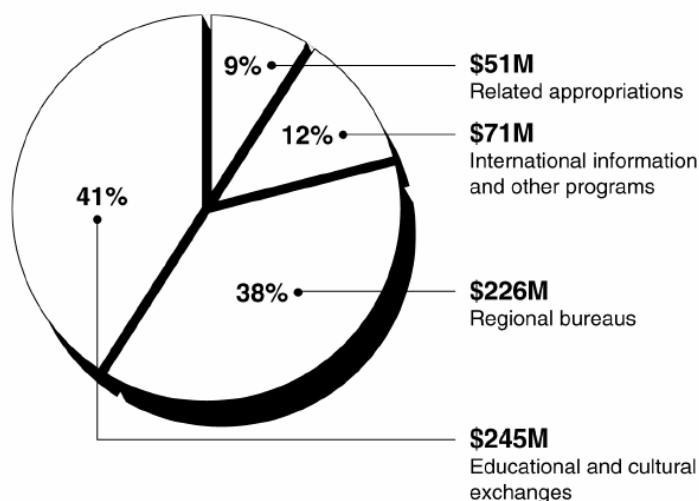


² "US Public Diplomacy, State Department Expands Efforts but Faces Significant Challenges," www.gao.gov/cgi-bin/getrpt?GAO-03-951 September 2003.

³ "US Public Diplomacy, State Department Expands Efforts but Faces Significant Challenges," www.gao.gov/cgi-bin/getrpt?GAO-03-951 September 2003.

APPENDIX II

KEY USES OF STATE'S PUBLIC DIPLOMACY BUDGET RESOURCES FY03⁴



BUDGET⁵

	Actual ⁶	Estimate	Estimate	Request
	AY01 Key Uses of State's Public Diplomacy Budget Resources	AY02 Key Uses of State's Public Diplomacy Budget Resources	AY03 Key Uses of State's Public Diplomacy Budget Resources	AY04 Key Uses of State's Public Diplomacy Budget Resources
Educational & Cultural Affairs	\$ 233,242,000	\$ 247,000,000	\$ 245,306,000	\$ 345,346,000
International Information Programs	\$ 64,658,400	\$ 70,906,080	\$ 71,969,760	\$ 85,041,720
Other Programs	\$ 54,504,000	\$ 57,625,000	\$ 60,599,000	\$ 60,405,000
Public Affairs	\$ 251,074,000	\$ 286,259,000	\$ 293,843,000	\$ 302,930,000
Total Budget	\$603,478,400	\$661,790,080	\$671,717,760	\$739,376,720

⁴ "US Public Diplomacy, State Department Expands Efforts but Faces Significant Challenges," www.gao.gov/cgi-bin/getrpt?GAO-03-951 September 2003.

⁵ "The Budget in Brief- Fiscal Year 2004," www.state.gov/documents/organization/17243.pdf November 2003.

⁶ "The Budget in Brief- Fiscal Year 2003," www.state.gov/documents/organization/7910.pdf November 2003.

APPENDIX III

SURVEYS FROM THE PEW RESEARCH FOUNDATION

SURVEY TITLE & URL	NUMBER OF QUESTIONS USED FOR MODEL	RELEASE DATE
Bush Unpopular in Europe, Seen As Unilateralist http://people-press.org/reports/print.php3?ReportID=5	7	8/15/2001
America Admired, Yet Its New Vulnerability Seen As Good Thing, Say Opinion Leaders http://people-press.org/reports/print.php3?ReportID=145	25	12/19/2001
America's Image Further Erodes, Europeans Want Weaker Ties http://people-press.org/reports/pdf/175.pdf	16	3/18/2003
America's Image Further Erodes, Europeans Want Weaker Ties http://people-press.org/reports/pdf/185topline.pdf	8	12/4/2002
Bush's Ratings Improve But He's Still Seen as Unilateralist http://people-press.org/reports/print.php3?ReportID=153	7	4/17/2002

APPENDIX IV

FAVORABLE RESPONSE TRENDLINES

PROGRAM BUDGET vs. PERFORMANCE GOAL PERCENTAGE BASED ON FAVORABLE RESPONSE	FORMULAS IN SOLUTION FAVORABLE
Performance Goal I - Favorable Response for US - Other Programs	$y = 1E-08x - 0.1864$
Performance Goal I - Favorable Response for US - Public Affairs	$y = 6E-10x + 0.2048$
Performance Goal II - Favorable Response for US - Educational & Cultural Affairs	$y = 8E-09x - 1.5568$
Performance Goal II - Favorable Response for US - International Information Programs	$y = 1E-08x - 0.4316$
Performance Goal III - Favorable Response for US - International Information Programs	$y = -9E-09x + 1.0441$

Performance Goal III - Favorable Response for US - Other Programs	$y = 3E-09x + 0.2194$
Performance Goal IV - Favorable Response for US - Educational & Cultural Affairs	$y = 2E-09x - 0.1418$
Performance Goal IV - Favorable Response for US - International Information Programs	$y = 3E-09x + 0.1280$
Performance Goal IV - Favorable Response for US - Public Affairs	$y = 5E-10x + 0.2002$

UNFAVORABLE RESPONSE TRENDLINES

PROGRAM BUDGET vs. PERFORMANCE GOAL PERCENTAGE BASED ON UNFAVORABLE RESPONSE	FORMULAS IN SOLUTION FAVORABLE
Performance Goal I - Unfavorable Response for US - Other Programs	$y = -2E-08x + 1.8032$
Performance Goal I - Unfavorable Response for US - Public Affairs	$y = -2E-09x + 0.9885$
Performance Goal II - Unfavorable Response for US - Educational & Cultural Affairs	$y = -4E-09x + 1.4707$
Performance Goal II - Unfavorable Response for US - International Information Programs	$y = -7E-09x + 0.9737$
Performance Goal III - Unfavorable Response for US - International Information Programs	$y = 4E-09x + 0.2175$
Performance Goal III - Unfavorable Response for US - Other Programs	$y = -1E-08x + 1.2244$
Performance Goal IV - Unfavorable Response for US - Educational & Cultural Affairs	$y = -6E-09x + 1.8656$
Performance Goal IV - Unfavorable Response for US - International Information Programs	$y = -1E-08x + 1.4997$
Performance Goal IV - Unfavorable Response for US - Public Affairs	$y = -3E-09x + 1.2169$

APPENDIX V

PERFORMANCE GOALS FOR ACHIEVING STRATEGIC GOAL IN THE FIELD OF PUBLIC
DIPLOMACY AND PUBLIC AFFAIRS⁷

	Performance Goal I	Performance Goal II	Performance Goal III	Performance Goal IV	Year	Smoothing Percentage
	PUBLIC DIPLOMACY INFLUENCES GLOBAL PUBLIC OPINION AND DECISION- MAKING CONSISTENT WITH U.S. NATIONAL INTERESTS	INTERNATIONAL EXCHANGES INCREASE MUTUAL UNDERSTANDING AND BUILD TRUST BETWEEN AMERICANS AND PEOPLE AND INSTITUTIONS AROUND THE WORLD	BASIC HUMAN VALUES EMBRACED BY AMERICANS ARE RESPECTED AND UNDERSTOOD BY GLOBAL PUBLICS AND INSTITUTIONS	AMERICAN UNDERSTANDING AND SUPPORT FOR U.S. FOREIGN POLICY, DEVELOPMENT PROGRAMS, THE DEPARTMENT OF STATE, AND THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT		
Favorable Response for US	36.16%	39.18%	45.23%	33.14%	2001	-9.00%
	31.90%	53.82%	24.69%	36.63%	2002	-15.00%
	42.14%	44.50%	47.40%	34.53%	2003	14.00%
Unfavorable Response for US	53.60%	49.64%	47.64%	57.05%	2001	-9.00%
	59.38%	43.54%	68.21%	54.44%	2002	-15.00%
	39.70%	45.13%	39.78%	42.73%	2003	14.00%

⁷ "US Department of State FY 2004 Performance Plan," <http://www.state.gov/documents/organization/20640.pdf> November 2003.

APPENDIX VI

PERFORMANCE GOALS & PROGRAMS

	Educational & Cultural Affairs				International Information Programs			
	Performance Goal I	Performance Goal II	Performance Goal III	Performance Goal IV	Performance Goal I	Performance Goal II	Performance Goal III	Performance Goal IV
2001		39%		33%		39%	45%	33%
2002		54%		37%		54%	25%	37%
2003		45%		35%		45%	47%	35%
2001		50%		57%		50%	48%	57%
2002		44%		54%		44%	68%	54%
2003		45%		43%		45%	40%	43%

	Other Programs				Public Affairs			
	Performance Goal I	Performance Goal II	Performance Goal III	Performance Goal IV	Performance Goal I	Performance Goal II	Performance Goal III	Performance Goal IV
2001		39%		33%		39%	45%	33%
2002		54%		37%		54%	25%	37%
2003		45%		35%		45%	47%	35%
2001		50%		57%		50%	48%	57%
2002		44%		54%		44%	68%	54%
2003		45%		43%		45%	40%	43%