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Institutional Restructuring and Reform: A Strategic Perspective

BY SUSAN R. JOHNSON

A growing buzz is under way about how to strengthen the Foreign Service and "fix" the Department of State to conduct diplomacy in an increasingly complex, fast-paced and competitive world. This renewed attention to a perennial challenge partly reflects AFSA's own advocacy, which has centered on enhancing professional education and training. It also stems from Secretary of State Hillary Rodham Clinton's Quadrennial Diplomacy and Development Review, which was aimed at making State and the U.S. Agency for International Development more effective, accountable and efficient institutions.

The steps taken so far are salutary but not sufficient. In a strategic sense, strengthening the Foreign Service, and State and USAID as institutions, requires more thorough reform and restructuring.

My October column pointed to the diminishing presence of the career Foreign Service in top leadership positions at State, as demonstrated by data available on the Office of the Historian's Web site. It is apparent that the top leadership positions within the department and the bulk of ambassadorial assignments to important countries have become political appointments—a trend that is spreading beyond the top echelons.

Regardless of administrations, this practice has serious, systemic consequences for the professional diplomatic service and its work. By definition, political appointees are short-term, partisan and personality-oriented, with little investment in, or commitment to, the institution. As such, they cannot provide an objective, institutional view on matters of policy. Besides weakening professionalism within the department, this engenders opportunism.

In the field, the large number of ambassadorial appointments going to persons with little exposure to the environment and practices of international diplomacy deprives diplomatic missions of strong leadership. Instead of merit and competence, these appointments are often rewards for campaign contributions.

There are, of course, always persons of outstanding quality and experience who prove to be assets to U.S. diplomacy, but they are not the rule. So we must ask two questions. Can we build a strong Foreign Service and Department of State with such heavy politicization? And if not, is there any appetite for change?

Besides political appointees, we face a related challenge. The Department of State and USAID are home to two major personnel systems: the General Schedule (Civil Service) and the "excepted" Foreign Service. Historically, there have been a series of unsuccessful attempts to merge these two divergent systems.

Only the Foreign Service can bring to the conduct of diplomacy the agility, flexibility and suitability that come from worldwide availability, rotation and rank in person. Foreign Service officers are subject to a variety of disciplines and requirements that correspond to the needs of diplomatic practice and the international environment. (Let me emphasize that Foreign Service specialists are a critical professional and technical component in support of the diplomatic mission.) However qualified they may be, Civil Service employees are not subject to those requirements.

The other elephant in the room is intrinsic to the current structure of the Foreign Service. The cone system continues to channel FSOs into narrow tracks which detract from playing the role and developing the perspective required of a diplomat, especially at senior levels. Such an approach also fragments the Service and militates against its cohesion, identity and strength.

We need to find a fresh approach designed to build a strong diplomatic service, and to strengthen the Department of State as the premier institution responsible for the formulation and implementation of American foreign policy. After all, a diplomat should be a skilled facilitator with broad perspective and experience—qualities that are also important for those responsible for leading the institution and inspiring the diplomatic service.

These may appear to be provocative thoughts. But we have only to look at the diplomatic services of other major countries, some of which punch well above their weight, to appreciate the relevance of these issues.

Susan R. Johnson is the president of the American Foreign Service Association.

A Model of Interagency Cooperation

I was delighted to read Jane Loeffler's comprehensive and beautifully written article, "Beyond the Fortress Embassy," in your December issue.

Over the years, Ms. Loeffler has done an amazing job of chronicling the history of the State Department's buildings program. This article is yet another example of her depth of knowledge of the subject, and introduces what I hope will be a new chapter in diplomatic facilities. The Bureau of Overseas Buildings Operations surely owes her a debt of gratitude for the passion and depth of research she has brought to the subject of our nation's embassies.

That said, I would offer one clarification. In the article, Ms. Loeffler incorrectly identifies me as an architect. While I have great respect for architects, I have never sought professional licensure, and make no claim to being one.

I feel extremely fortunate to have had the opportunity to assist the State Department in fashioning a building program tailored to the unique needs of the agency and its mission. OBO is embarking on a holistic program that elevates all of the building disciplines—urban development, planning, landscape architecture, historic preservation, interior design, engineering, finance, construction, operations, maintenance, art and sustainability—in addition to architecture, to ensure the best product for the American taxpayer.

I commend the work on everybody's part, and hope that both agencies believe, as I do, that this collaboration is a model of interagency cooperation.

Casey Jones
Director, Design Excellence
General Services Administration
Washington, D.C.

An Antidote for Pablum

Congratulations to all who were involved in the *FSJ*'s recent makeover.

When I received my copy of the redesigned magazine in October, the words that came immediately to mind were "fresh, attractive, stimulating, improved." Three issues on, those adjectives still apply.

The new Talking Points column (formerly Cybernotes) is perfectly titled for the material included. And your Local Lens department is another valuable new feature that should engage more readers in contributing to the *Journal*'s content, given the wealth of photographic talent within our community.

The quality of the content has certainly matched that of the packaging. Focusing the first issue in the updated format on the new generation of Foreign Service hires was an inspired choice. I also had a strong dose of déjà vu when reading the October Speaking Out column on achieving work-life balance—a goal that remains as relevant and challenging as during my decades in the Foreign Service.

I'll be interested to see how the evolution of your new format progresses, as you continue to move away from focusing every issue on a single theme. In my view, the previous "focus section" approach worked brilliantly with some subjects over the years, less so with others. But if the new formula follows the trend lines of your other changes, I'm betting it will be another improvement.

Finally, in addition to the new look, I'd also like to commend you on your willingness to publish some controversial, even "politically incorrect" articles and letters. Admittedly, I do sometimes find myself disagreeing vigorously with some of your contributors, as I'm sure is true with some of your other readers. But bravo! There is way too much pablum out there.

Keep up the great work!

Tibor P. Nagy Jr.
Ambassador, retired
Lubbock, Texas

Some Thoughts on Your Redesign

Graphic design is an ever-changing science and art. So after 18 years with the previous *FSJ* design, a makeover makes a lot of sense.

Still, I would like to offer some feedback. First, it's convenient to have e-mail addresses added to the masthead.

I found the wider palette of colors on the October cover appealing, but recommend using a different color than white for the background, as in the *AFSA News* section.

The innovation of a narrow spine (perfect binding) makes the magazine more practical to find on the shelf. If one is searching for the issue by month, however, the ocher-colored "October 2012" is much less easy to spot than the white "*The Foreign Service Journal*."

Finally, I'm sure Foreign Service photographers will appreciate the new avenue for sharing their best shots with friends and colleagues via your new Local Lens department.

Stephen H. Grant
FSO, retired
Arlington, Va.

No Thanks, Ike

The Foreign Service Journal just keeps getting better and better. The November issue's superb and fitting memorial to Ambassador Chris Stevens, Sean Smith, Glen Doherty and Tyrone Woods was the most moving I've seen anywhere. It reminded me of the many officers we've lost under tragic circumstances, including Steve Miller from my own A-100 class.

In the extensive "In Their Own Write" section of the same issue, the write-ups of the books were effective summaries of their contents.

But the standout was Dennis Jett's engaging Speaking Out column ("Psst! Hey, Buddy, Wanna Buy an Ambassadorship?"), which called to mind some family history.

Back in 1952, my father was offered the embassy in Brussels if he contributed $5,000 (big money then) to the Eisenhower campaign. Dad said he thought Ike wouldn't need his help. And besides, we'd never had problems with Belgium, so he didn't want to jeopardize that enviable record by being made ambassador!

Congratulations to the *FSJ* staff and AFSA for producing such an important, useful and hard-to-put-down publication each month.

Louis V. Riggio
FSO, retired
Hollywood, Fla.

Please Report on Benghazi

My December issue arrived while I was listening to comments on the Pickering-Mullen Accountability Review Board report and State Department testimony regarding the tragic events in Benghazi this past September.

You could do AFSA's membership a service by presenting an analysis of the report and its implications by people who know and understand the problems the ARB report identifies, and by including the perspectives of Foreign Service members who actually work overseas.

While your new format is impressive, the real value of the *Journal* comes from the quality and relevance of the contents. I hope you will ensure that these continue to improve.

Jim Thyden
FSO, retired
Edmonds, Wash.

A Bad Decision

I join current and former FSOs in mourning the untimely death of U.S. Ambassador to Libya Christopher Stevens and his three colleagues. Still, I must ask a question: What in the world was Amb. Stevens doing in Benghazi, of all places, on the anniversary of the 9/11 attacks?

After all the security warnings and requests for more security from the ambassador and his regional security officer, why would he go there to dedicate some sort of electronic cultural center on that particular date? That decision just doesn't make sense to me.

With all due respect to the memory of Amb. Stevens, who by all accounts was a model FSO, I wonder whether a slight touch of "clientitis" might have taken him to Benghazi on that fateful day. Perhaps he loved Libya and the Libyans a bit too much.

I realize that this is a delicate question, but I think it's worth raising.

Guy W. Farmer
FSO, retired
Carson City, Nev.

On My Way out the Door…

As I retire from the Foreign Service after more than a quarter-century as a federal employee, let me thank the staff of *The Foreign Service Journal* for putting out a great product. I always get something useful out of each issue, and look forward to continuing to read it as an ex-FSO.

In that spirit, I would like to share a congratulatory note I sent to President Barack Obama this past November on his re-election.

"Dear Mr. President,

"For the past 16 years I've worked for the Department of State, mostly as a finance officer, serving overseas the entire time. One of my first memorable experiences in the Foreign Service was being a gofer when Tom Pickering and Susan Rice came to Abuja, Nigeria, and had the bad fortune to have the imprisoned M.K.O. Abiola suffer a fatal heart attack in front of them.

"There were certainly plenty of times during those 16 years when I've been proud of my government service—but not so much as I'd like, however. That's why I wanted to send you this letter, to offer some suggestions for your consideration. (Not that I've kept them to myself all these years, but from what I can tell, no one's paid attention.)

"The first deals with the principle of universality, which essentially means that the great U.S. of A. needs to have an office in every country in the world. As Vice President Biden might say, that's malarkey!

"Over the years, I've asked many senior-level State Department decision-makers to explain why we stick with universality. This year, the answer I got was that we spend peanuts on the smaller missions compared to what goes toward our presence in Afghanistan, Iraq and Pakistan, so closing those other, smaller posts isn't worth discussing.

"I have to disagree, Mr. President. Not only is it wasteful to have missions in all the places we have them, but the size of the staff in most of those missions is ridiculous squared. After the U.S. embassy, the next largest diplomatic facility in most countries is perhaps one-tenth the size of ours.

"Why? A combination of mission creep and the lack of incentives to behave any differently.

"I've sat with countless bureaucrats over the years who have visited posts with the express purpose of 'right-sizing' the missions. Never has the process been much more than an excuse for a shopping trip for the folks that come out to do it. Only marginal changes, if any, have ever resulted. The same is true of the countless Office of the Inspector General inspections I've witnessed and the myriad visits by various groups within the Bureau of Overseas Buildings Operations.

"The truth is that nearly every U.S. government agency wants to have an overseas presence. And Mother State herself is no better, enforcing few if any restraints on growth—particularly of security personnel.

"Theoretically, all of these positions need to be approved by the chief of mission, but it's the exceedingly rare ambassador who will say no. Is this how our money, peanuts or not, ought to be spent? Maybe you could take a page from Governor Romney's book and reward the chief of mission who cuts the deepest.

"A real 'right-sizing' exercise needs to take place at every mission worldwide. By real, I mean that the starting point is an X-percent cut in U.S. direct-hire staff and offices across the board. But at the same time, we need to move toward a functional training float, ensuring that people get the training they need, primarily between assignments.

"In order to do this, adequate staffing needs to be available so folks aren't forced to go straight from one mission to the next. And in making this happen, please do not exempt the Bureau of Diplomatic Security. Embassies that used to have one security officer, if that, typically have three or more today.

"You can imagine that in the wake of Benghazi, there's not a single ambassador out there who will cut security unless you tell them that it's OK. And it *is* OK. It's a dangerous world, and stuff's gonna happen. Having more security officers won't stop that. In fact, the single most effective way to expose fewer people to security risks is to put fewer people in harm's way.

"The other topic I'd like to raise is less weighty, but could result in substantial savings across the government. We need to change the way we handle official travel.

"The complex and obtuse rules we've crafted make the costs of administering travel exceedingly high, and give us very little in return. Monetizing travel would save us gobs of money.

"By that, I mean that a trip's cost is estimated in advance and a payment is made to the traveler. Then it's done—over. Maybe the amount you're given for a taxi from the airport doesn't match up with what you spent. Who cares? That's how per diem generally works now. So you stay in a cheap hotel or at your auntie's place instead of a five-star hotel—what's the big deal? There is no additional cost to the taxpayer.

"Aside from the occasional risk-averse functionary who will say that the internal controls provided by following all the nutty rules are somehow critical, the biggest obstacle is that the Internal Revenue Service might view these payments as income. Well, the IRS is part of the Treasury Department that writes these rules, and they work for you.

"Besides, the tax issue doesn't seem like a showstopper—particularly if we're interested in saving money vice being bureaucratic. For those who would argue that our current processes ensure that folks don't cheat, etc., it would not be difficult to set up audit protocols.

"Thanks (staff member) for taking the time to read this. Best wishes for a successful second term."

Tom Schmitz
FSO, retired
Deadwood, S.D.

Learning from Benghazi

On Dec. 19, AFSA issued a statement commending the comprehensive Accountability Review Board report on the tragic events of Sept. 11, 2012, when four U.S. officials, including Ambassador Chris Stevens, were killed at the special mission in Benghazi, Libya.

The full text of the unclassified version of the ARB report is available on State's Web site (www.state.gov). Here are its 24 key recommendations, all of which the Obama administration has pledged to implement:

1. The Department [of State] must strengthen security for personnel and platforms beyond traditional reliance on host government security support in high-risk, high-threat posts. The department should urgently review the proper balance between acceptable risk and expected outcomes in high-risk, high-threat areas. While the answer cannot be to refrain from operating in such environments, the department must do so on the basis of having: 1) a defined, attainable and prioritized mission; 2) a clear-eyed assessment of the risk and costs involved; 3) a commitment of sufficient resources to mitigate these costs and risks; 4) an explicit acceptance of those costs and risks that cannot be mitigated; and 5) constant attention to changes in the situation, including when to leave and perform the mission from a distance. The United States must be self-reliant and enterprising in developing alternate security platforms, profiles and staffing footprints to address such realities. Assessments must be made on a case-by-case basis and repeated as circumstances change.

2. The Board recommends that the department re-examine [Bureau of Diplomatic Security] organization and management, with a particular emphasis on span of control for security policy planning for all overseas U.S. diplomatic facilities. In this context, the recent creation of a new Diplomatic Security Deputy Assistant Secretary for High-Threat Posts could be a positive first step if integrated into a sound strategy for DS reorganization.

STR/AFP/Getty Image

Attack on the U.S. compound in Benghazi, Libya, on Sept. 11, 2012.

The department needs to review the staffing footprints at high-risk, high-threat posts, with particular attention to ensuring adequate Locally Employed Staff and management support.

3. As the president's personal representative, the chief of mission bears "direct and full responsibility for the security of [his or her] mission and all the personnel for whom [he or she is] responsible," and thus for risk management in the country to which he or she is accredited. In Washington, each regional assistant secretary has a corresponding responsibility to support the chief of mission in executing this duty. Regional bureaus should have augmented support within the bureau on security matters, to include a senior DS officer to report to the regional assistant secretary.

4. The department should establish a panel of outside independent experts (military, security, humanitarian) with experience in high-risk, high-threat areas to support DS, identify best practices (from other agencies and other countries), and regularly evaluate U.S. security platforms in high-risk, high-threat posts.

5. The department should develop minimum security standards for occupancy of temporary facilities in high-risk, high-threat environments, and seek greater flexibility for the use of Bureau of Overseas Buildings Operations sources of funding so that they can be rapidly made available for security upgrades at such facilities.

6. Before opening or reopening critical-threat or high-risk, high-threat posts, the department should establish a multibureau support cell, residing in the regional bureau. The support cell should work to expedite the approval and funding for establishing and operating the post, implementing physical security measures, staffing of security and management personnel, and providing equipment, continuing as conditions at the post require.

7. The Nairobi and Dar es Salaam Accountabilty Review Boards' report of January 1999 called for collocation of newly constructed State Department and other government agencies' facilities. All State Department and other government agencies' facilities should be collocated when they are in the same metropolitan area, unless a waiver has been approved.

8. The Secretary should require an action plan from DS, OBO and other relevant offices on the use of fire as a weapon against diplomatic facilities, including immediate steps to deal with urgent issues. The report should also include reviews of fire safety and crisis management training for all employees and dependents, safe-haven standards and fire safety equipment, and recommendations to facilitate survival in smoke and fire situations.

9. Tripwires are too often treated only as indicators of threat rather than an essential trigger mechanism for serious risk management decisions and actions. The department should revise its guidance to posts and require key offices to perform in-depth status checks of post tripwires.

10. Recalling the recommendations of the Nairobi and Dar es Salaam ARBs, the State Department must work with Congress to restore the Capital Security Cost Sharing Program at its full capacity, adjusted for inflation to approximately $2.2 billion in Fiscal Year 2015, including an up-to-10-year program addressing that need, prioritized for construction of new facilities in high risk, high threat areas. It should also work with Congress to expand utilization of Overseas Contingency Operations funding to respond to emerging security threats and vulnerabilities and operational requirements in high-risk, high-threat posts.

11. The board supports the State Department's initiative to request additional Marines and expand the Marine Security Guard Program, as well as corresponding requirements for staffing and funding. The board also recommends that the State Department and [Department of Defense] identify additional flexible MSG structures and request further resources for the department and DOD to provide more capabilities and capacities at higher risk posts.

12. The board strongly endorses the department's request for increased DS personnel for high- and critical-threat posts and for additional Mobile Security Deployment teams, as well as an increase in DS domestic staffing in support of such action.

> **"The war has been fought in a very incorrect manner. It didn't improve the situation, but it worsened it. … The world needs us more than we need them."**
>
> —Abdul Karim Khurram, chief of staff to Afghan President Hamid Karzai, speaking about the U.S. presence in Afghanistan; Jan. 8 *Washington Post*.

50 Years Ago

The world of watertight sovereign nations speaking to each other only through ambassadors and foreign ministers has all but vanished in a generation. Today's major problems, the problems with which governments are responsible for dealing—war or peace, national and individual survival, prosperity, abundance, scarcity or glut—transcend the ability of any one government to cope with alone.

Yet we are trying to cope with them with jerry-built adaptations of 19th-century or earlier methods while groping for better ones, without fully realizing even that we are groping, let alone what we are groping for.

—From "Beyond Diplomacy" (part of a periodic series, "Is the Service Ready for the Sixties?") by Theodore C. Achilles; *FSJ*, February 1963.

SITE OF THE MONTH: *Internet Archive*

Established in July 2002, *Internet Archive* is a 501(c)(3) nonprofit digital library that offers free access to books, movies and music, as well as archived Web pages. Like a physical library, the site functions as a repository of cultural artifacts and data for use by researchers, historians, scholars and the general public.

The site's "Wayback Machine" enables visitors to browse more than 150 billion Web pages the site's volunteers have archived, from 1996 through late 2012. Simply type in the Web address of a site or page where you would like to start, and press enter; then select from the archived dates available. The search results will point to other archived pages at as close a date as possible. (Unlike the rest of the site, keyword searching is not currently supported for the Wayback Machine.)

The home page also features daily "Curator's Choice" selections from its holdings in Community Video (1,111,736 selections), Live Music (110,717 concerts), Community Audio (1,480,975 recordings) and Texts (3,802,776 items).

Institutional support for the *Internet Archive* comes from Alexa Internet, the Prelinger Archives, Lizard Tech, The William and Flora Hewlett Foundation, the National Science Foundation, the Alfred P. Sloan Foundation, the Kahle/Austin Foundation and the Library of Congress.

—Steven Alan Honley, Editor

13. The department should assign key policy, program and security personnel at high-risk, high-threat posts for a minimum of one year. For less critical personnel, the temporary duty length should be no less than 120 days. The ARB suggests a comprehensive review of human resources authorities with an eye to using those authorities to promote sending more experienced officers, including When Actually Employed personnel, to these high-risk, high-threat locations, particularly in security and management positions for longer periods of time.

14. The department needs to review the staffing footprints at high-risk, high-threat posts, with particular attention to ensuring adequate Locally Employed Staff and management support. High-risk, high-threat posts must be funded and the human resources process prioritized to hire LES interpreters and translators.

15. With increased and more complex diplomatic activities in the Middle East, the department should enhance its ongoing efforts to significantly upgrade its language capacity, especially Arabic, among American employees, including DS, and receive greater resources to do so.

16. A panel of Senior Special Agents and Supervisory Special Agents should revisit DS high-threat training with respect to active internal defense and fire survival, as well as chief of mission protective detail training.

17. The Diplomatic Security Training Center and Foreign Service Institute should collaborate in designing joint courses that integrate high-threat training and risk management decision processes for senior and mid-level DS agents and Foreign Service officers, and better prepare them for leadership positions in high-risk, high-threat posts. They should consult throughout the U.S. government for best practices and lessons learned. Foreign affairs counter-threat training should be mandatory for high-risk, high-threat posts, whether an individual is assigned permanently or in longer-term temporary duty status.

18. The department should ensure provision of adequate fire safety and security equipment for safe havens and safe areas in non-Inman/SECCA [Secure Embassy Construction and Counterterrorism Act of 1999] facilities, as well as high-threat Inman facilities.

19. There have been technological advancements in non-lethal deterrents, and the State Department should ensure it rapidly and routinely identifies and procures additional options for non-lethal deterrents in high-risk, high-threat posts and trains personnel on their use.

20. DS should upgrade surveillance cameras at high-risk, high-threat posts for greater resolution, nighttime visibility and monitoring capability beyond post.

21. Post-2001, intelligence collection has expanded exponentially, but the Benghazi attacks are a stark reminder that we cannot over-rely on the certainty or even likelihood of warning intelligence. Careful attention should be given to factors showing a deteriorating threat situation in general as a basis for improving security posture. Key trends must be quickly identified and used to sharpen risk calculations.

22. The DS Office of Intelligence and Threat Analysis should report directly to the DS assistant secretary and directly supply threat analysis to all DS components, regional assistant secretaries and chiefs of mission in order to get key security-related threat information into the right hands more rapidly.

23. The board recognizes that poor performance does not ordinarily constitute a breach of duty that would serve as a basis for disciplinary action, but is instead addressed through the performance management system. However, the board is of the view that findings of unsatisfactory leadership performance by senior officials in relation to the security incident under review should be a potential basis for discipline recommendations by future ARBs, and would recommend a revision of department regulations or amendment to the relevant statute to this end.

24. The board was humbled by the courage and integrity shown by those on the ground in Benghazi and Tripoli, in particular the DS agents and annex team who defended their colleagues; the Tripoli response team, which mobilized without hesitation; those in Benghazi and Tripoli who cared for the wounded; and the many U.S. government employees who served in Benghazi under difficult conditions in the months leading up to the Sept. 11-12, 2012, attacks. We trust that the department and relevant agencies will take the opportunity to recognize their exceptional valor and performance, which epitomized the highest ideals of government service.

—Steven Alan Honley, Editor

Spending on Federal Contracts

Writing in the Dec. 6 *Washington Post*, Josh Hicks reports that the federal government reduced contract spending by $20 billion during Fiscal Year 2012, largely by increasing coordination between agencies. Defense accounted for most of the savings.

Joe Jordan, administrator for the White House Office of Federal Procurement Policy, pledged that the cost-cutting effort would continue across the government: "It's a collective effort to spend smarter and buy less."

The Obama administration hailed the 4-percent drop in contract spending as the largest single decline for a single budget cycle on record, and pointed out that total expenditures via federal contracts were 6 percent below the Fiscal Year 2009 level it inherited from President George W. Bush. However, Hicks notes that while Uncle Sam's spending on contracts grew every year during Bush's tenure, the raw numbers never exceeded the heights reached during most of President Obama's first term.

While Uncle Sam's spending on contracts grew every year during Bush's tenure, the raw numbers never exceeded the heights reached during most of President Obama's first term.

Overall, contracts accounted for about 14 percent of all federal government spending last year, the lowest level since 2003.

—Steven Alan Honley, Editor

State: A Pretty Good Place to Work

The Partnership for Public Service, in collaboration with Deloitte Consulting Services, recently released its seventh annual survey of "Best Places to Work in the Federal Government."

The 2012 results are based on data collected by the Office of Personnel Management from 700,000 employees at 362 agencies. That total accounts for nearly a third of the total federal work force, making it the largest such survey ever conducted.

With 68.2 percent of employees expressing job satisfaction (two percentage points down from 2011), the Department of State ranked third on the large agencies list, behind NASA and the intelligence community. The Commerce Department and Environmental Protection Agency rounded out the top five.

Mid-size agencies were a new category this time, with 22 selected for the PPS survey. The U.S. Agency for International Development came in 15th with a score of 58.8 percent (up a percentage point from 2011), while the Broadcasting Board of Governors came in last at 46.8 percent (down more than six percentage points from the year before).

Among small agencies, the Peace Corps ranked fourth with a score of 81.5 percent (up nearly three points from last year).

As a whole, just 60.8 percent of federal government employees said they were satisfied with their jobs. That score, the lowest since PPS began reporting the rankings in 2003, reflects a drop of 3.2 percentage points from 2011.

The survey indicates that workers' perceptions of their leaders were key to their job satisfaction, as shown by significant drops in positive comments about agency management. Other factors leading to the overall decline in rankings include the federal pay freeze, constraints on opportunities for advancement and fewer rewards for good performance.

Max Stier, president and chief executive of the Partnership for Public

Service, called this an "alarming trend," and warned that the Obama administration needs to address it. "Even with the external challenges, we're seeing a failure of management."

John Berry, chief of the Office of Personnel Management, concurred. "The government is likely to be on a pretty strict diet for the foreseeable future in terms of resources," he said. "We are encouraging every agency to dive into their results and pay attention to them."

—Steven Alan Honley, Editor

Information Wants to Be Free

When President Barack Obama signed the Fiscal Year 2013 defense authorization bill on Jan. 2, he also lifted a 65-year ban on domestic dissemination of government broadcasts by the Voice of America, Radio Free Europe/Radio Liberty, Radio Martí, Radio Free Asia and Middle East Broadcasting Networks. A Jan. 4 posting on the Broadcasting Board of Governors Web site explains the sequence of events.

The 1948 Smith-Mundt Act, named for its sponsors, contained many beneficial provisions, but is best known for forbidding the broadcast or distribution in the United States of any content intended for global audiences. The ban was intended, in part, to prevent overseas propaganda efforts from being directed toward U.S. citizens.

After the Cold War ended, growing numbers of U.S.-based ethnic broadcasters serving diaspora populations sought access to such content. The BBG had no choice but to deny such requests, but many of the outlets—ranging from Sudanese broadcasters in Minnesota to Cuban community broadcasters in Miami—used the material anyway.

As Internet distribution became available, keeping a lid on BBG content in the United States grew more difficult. VOA Russian, for example, can be seen almost daily in New York City because local cable channel operators import Russian-language channels from overseas.

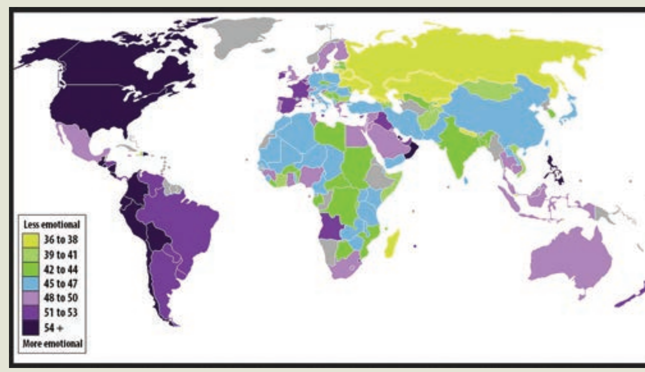
The Smith-Mundt Modernization Act was first introduced in 2010 to lift the ban without overturning the rest of the original legislation. Though that measure never passed, the repeal of the domestic distribution ban was attached to the defense authorization bill.

For U.S. broadcasters, the change means little on a day-to-day basis, other than that they need not worry about their content popping up in the U.S. No money can be used to create content directed at domestic audiences, and the BBG—which strongly supported the measure—has no plans to measure any domestic audiences that may occur.

—Steven Alan Honley, Editor

The *Real* Global Hot Spots?

According to a recent Gallup Poll, famously hot-blooded Italians are only moderately emotional. In fact, residents of more than 70 other countries reported more intense feelings, including such firebrands as Finland and Canada.



Gallup indexed 150 countries and territories by surveying residents on whether they experienced any of five negative and five positive emotions in the previous day. The more "yes" responses, the more emotional the country.

A map created by the *Washington Post* for its Nov. 28 article on the poll reveals some unexpected patterns and outliers in the world's emotional landscape. Passionate purple shades the Americas, while post-Soviet countries are a stoic light green. The Philippines looms in a sea of less emotive countries, as befits its standing as the world's most emotional country by far. Singapore, barely visible on the map, is at the other end of the continuum.

Also noteworthy is the type of emotion experienced. Respondents in Latin America tend to report smiling and laughing more frequently than most other parts of the globe. But the Middle East is another story: Iraq leads among countries most likely to experience negative emotions, and most of its neighbors are not far behind.

—Emily A. Hawley, Editorial Intern

The Value of Fortress Embassies

BY NICK PIETROWICZ

The December *Foreign Service Journal* focused on a timely subject: embassy security and the ongoing efforts to modify the New Embassy Compound concept.

Often labeled "fortress embassies" by detractors, NECs are seen as projecting an image of America as heavy-handed and imperialistic. Observers bemoan their tall walls and say the demeanor of NEC guards limits openness and interaction.

Yet U.S. diplomacy continues to function in these settings. Foreign Service personnel host visitors, interact with locals outside the walls, and provide citizen services, all despite the allegedly inaccessible nature of these facilities. That record suggests that the actual appearance of these buildings is at most a minor problem for residents of these countries, and one adequately addressed by existing and planned Department of State policies.

It also indicates that identifying the true sources of hostility against our diplomatic missions is more complex than the current debate suggests.

The Importance of Image

For many U.S. diplomats, the greatest fear while working overseas is not anti-American violence, but the possibility that their embassy or consulate might project the wrong image to local residents.

It is true that our diplomatic missions can appear daunting. The requirements of the Secure Embassy Construction and Counterterrorism Act of 1999 establish a clear perimeter between the embassy and the world outside. In addition, many posts have worked with host governments to put in place protocols restricting photography near embassies.

As a result, some claim that NECs look more like sterile military outposts than inviting diplomatic facilities. I believe most of this anxiety comes from the idea that, despite our best diplomatic efforts, a fortress embassy will indicate to host-country nationals that America is intimidating.

Some of this concern may also stem from the comments of third-country diplomats, a population well-versed in the subject of embassy design. But for a nation as large and important as our own, the appearance of an embassy is hardly the only factor to consider when interacting with other diplomats.

When local officials raise complaints about fortress embassies, we do have an obligation to listen. After all, host governments are the ultimate protectors of diplomatic facilities. But in my experience, most local officials would prefer to work with a secure embassy over one which is open and unintimidating, but vulnerable. Having a U.S. embassy or consulate attacked is a disaster for the host country. Leaving aside the ramifications for bilateral relations, local residents are statistically far more likely to be killed or injured in such an attack than diplomats.

For all these reasons, an intimidating but safe building might generate gossip in local diplomatic circles, but little discussion among the host-country population. Indeed, I haven't encountered many people outside Foreign Service ranks who actually worry about the way our embassies and consulates look.

That may be because most impressions of the United States and its citizens still

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Exterior view of Rocca Scaligera, a fortress in Sirmione, Italy.

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originate in Hollywood and Silicon Valley, not the local post. So long as U.S. facilities in a host country are secure, the physical appearance of our embassies is unlikely to significantly influence popular opinion.

Lots of Talk, But Few Actual Problems

Just how fortified are U.S. embassies? It depends on who's speaking.

We hear often of the fortress-like appearance of our embassies in Baghdad and London, to cite two examples of cities with a history of serious terrorist concerns. But visiting the other 270-odd diplomatic facilities around the world reveals potential vulnerabilities in many of our buildings.

I still recall one mid-sized embassy where I worked a few years ago. It was so close to the street that visa applicants waiting outside could look into our offices and read our e-mail. And the chancery in one small island nation is so unprotected that I once overheard some U.S. tourists remark, "That's it? The McDonalds at least has armed guards."

During my first few weeks in Kabul in 2006, I regularly fielded complaints from colleagues that the embassy was overly security-conscious and we were too isolated from the public. Then one morning, the concussion from a suicide bombing at the front gate cracked the blast-resistant window in the room below mine—a sobering reminder of the value of the setback requirements imposed by the Secure Embassy Construction and Counterterrorism Act. The complaints stopped for a few weeks, but resumed when new staff arrived.

Whatever the security situation in a given place, U.S. diplomats need to leave their offices to meet with contacts, learn about the host country, visit assistance projects, and carry out the many activities of today's Foreign Service. And yes, there are several countries where getting past the walls to do so is particularly difficult. But blaming the appearance of these facilities for such restrictions makes no sense. Secure embassies are not a direct obstacle to conducting U.S. foreign policy with a host country. Rather, those barriers originate in the post's security policy.

Perhaps there is an argument to be made that enforcement of such restrictions at certain embassies is too strict, just as it might be overly permissive at other posts. But in and of itself, I don't believe that the outward appearance of an NEC is a meaningful obstacle to the ability of diplomats to conduct U.S. foreign policy. A deficit of off-compound travel should not be used to argue for weaker buildings.

> The Design Excellence initiative appropriately addresses what are often exaggerated complaints about the appearance and accessibility of U.S. diplomatic facilities.

Some observers speculate that our embassies are not just frightening to look at, but deter visitors. But it is impossible to know how many contacts decline meetings in our facilities simply because of their appearance. Moreover, such concerns ignore the reality that some of our most secure facilities are in places where members of the local population are already accustomed to stringent security measures.

I once watched a former host-country official being stopped at a checkpoint while entering our embassy. As I started to apologize for the inconvenience, he interrupted me: "I went through four roadblocks to get here today—at least you have air conditioning!"

Blaming the Messenger

Arguing that secure embassies significantly harm the image of the United States implies that security needs originate in security measures, not the other way around. According to this line of reasoning, if we lessen countermeasures, local perceptions of the United States would improve and make our diplomatic missions safer.

If only it were that easy!

After all, what traditionally has engendered more anger toward U.S. diplomats: the way our buildings look, or the ideas promoted from within? Anti-American sentiment is grounded in complaints far broader and more complex than how many cameras hang from the roof of a chancery. The audiences most disturbed by secure embassies—foreign diplomats and host-government officials—are at the bottom of the list of potential attackers.

Simply put, the individuals seeking to do us harm are not violent because of the appearance of our buildings. They are displeased with the activities, or the mere presence, of the United States in their respective countries or the world.

This is not to suggest our diplomats overseas should cease their vocal defense of our foreign policy. But we should recognize that such work can encourage hostility and that such threats must be met with commensurate security countermeasures.

Speaking Loudly Requires Big Embassies

The U.S. presence overseas has been steadily growing since the 9/11 attacks, as have the consequences. Much of this spending has gone to programs operated by the Pentagon or the intelligence community, but diplomatic and development efforts have expanded in the past decade, as well.

If we are going to be more engaged around the world, we must appreciate that not everyone will welcome our presence, and respond by protecting our personnel, facilities and information appropriately. In that regard, it will not suffice to increase security only in conflict zones and hot spots. I believe that far too many of our embassies and consulates all over the world lack effective protection.

Transnational terrorists, perpetrators of the most serious attacks against embassies in recent years, are unconcerned about which Department of State bureau received more funding in the past year. Since they view our personnel as symbols of our foreign policy as a whole, our embassies everywhere are at risk.

Returning to a more conventional style of diplomacy and decreasing our activities around the world would lessen that risk. Absent that change, we must assume all of our facilities are targets.

> Those seeking to do us harm are not violent because of the appearance of our facilities, however intimidating.

EPIC Progress

We must keep our embassies safe—but we can try to do so in style. Responding to criticism that secure embassies appear intimidating, the Bureau of Overseas Buildings Operations is working with the Bureau of Diplomatic Security to soften the appearance of New Embassy Compounds. In keeping with the Department of State's Design Excellence goals, OBO and DS are researching ways to improve the costs, aesthetics and sustainability of embassies, without compromising security. These changes will be most noticeable not to U.S. diplomats, but to observers on the street.

Specifically, the two bureaus have collaborated to develop the Embassy Perimeter Improvement Concept to keep the outside of our facilities secure while projecting a neutral, even pleasing appearance. Solid masonry walls are being replaced with secure fences, while the harsh metal and concrete of bollard systems are being balanced with colorful art and cleverly landscaped trenches. In many locations, water is substituting for the blank openness of asphalt, which used to make up the setback requirement between public areas and the chancery. And where possible, security countermeasures are incorporating green elements, making our missions more sustainable.

As long as our nation's overseas involvement goes beyond traditional diplomacy, we can expect our embassies around the world to remain tempting targets. In my view, the Design Excellence initiative appropriately addresses what are often exaggerated complaints about the appearance and accessibility of U.S. diplomatic facilities.

Such improvements should assuage most critics of so-called fortress embassies. Those who are not mollified can take comfort that most people I meet are unconcerned about the appearance of U.S. embassies, and that potential attackers who might be provoked, whatever the reason, will be deterred by appropriate security measures.

THE HIDDEN COSTS OF OUTSOURCING DIPLOMACY AND DEVELOPMENT

Outsourcing broad aspects of State and USAID's engagement with the world has become the new normal. But should it be?

BY ALLISON STANGER

The United States has now spent around two trillion dollars on an 11-year-long war on terror. It is tempting to believe we can eliminate additional losses by simply declaring it over, but the costs of pursuing wars in Iraq and Afghanistan have not just been financial.

To pursue those missions, American diplomacy and development functions have been outsourced in unprecedented ways over the past decade. In using the term "outsourcing," I refer to the increased reliance on contracts and grants to do the work of government, which correlates with a higher percentage of contractors in the State Department's total work force.

Outsourcing involves the transfer of jobs from the public to the private sector, where the work may be done by corporations, nonprofit organizations or hybrid entities. The unintended consequences of that policy shift will pose challenges for the civilian side of foreign policy long after the last soldier has come home.

The table below, based on data from www.USAspending.gov as of December, illustrates the sheer magnitude of the change in the way the U.S. Agency for International Development and the Department of State have pursued their respective missions over the past decade. While the total figures for contracts and grants include expenses that do not constitute outsourced jobs, and also reflect increased resources from wartime supplemental appropriations, the trajectory of the trend is striking.

In 2000, the State Department spent just $1.3 billion on contracts and $102.5 million on grants. By 2010, the value of contracts had grown to $8.1 billion, and grants had grown to $1.4 billion, increases of 523 and 1,266 percent, respectively.

Over the same period of time, USAID's spending on contracts rose from $535.8 million to $5.6 billion, a tenfold increase. And its spending on grants increased by an astonishing 46,014 percent over that same decade.

While the ranks of the Foreign Service grew during that same period, the expansion in the number of government employees involved in overseeing this explosion of resources was not commensurate.

A similar trend unfolded at the Pentagon, albeit on a proportionally smaller scale. But the shift was much more massive in terms of total dollars expended.

The New Normal

Still, it is on the civilian side of the equation that we see the most dramatic change: Outsourcing broad aspects of State and USAID's engagement with the world has become the new normal.

Allison Stanger is the Russell Leng Professor of International Politics and Economics at Middlebury College and the author of One Nation under Contract: The Outsourcing of American Power and the Future of Foreign Policy *(Yale University Press, 2009/2011). She served as a subject-matter expert for the Quadrennial Diplomacy and Development Review process, and has testified before Congress on contracting-related issues.*

	Contracts in 2000	*Contracts in 2010*	*Change in Contracts*	*Grants in 2000*	*Grants in 2010*	*Change in Grants*
State	$1.3 billion	$8.1 billion	523%	$102.5 million	$1.4 billion	1,266%
USAID	$535.8 million	$5.6 billion	945%	$19.3 million	$8.9 billion	46,014%
Defense	$133.4 billion	$367.6 billion	176%	$2.2 billion	$5.2 billion	136%

The transformation was fueled by a decade of war and ambitious operations in post-conflict environments. Outsourcing to gain surge capacity was one way to deal with what were seen by some to be unique circumstances, unlikely to be repeated. Hiring others to do jobs in these environments meant the government could avoid building up staff it would not need in the future, when Iraq and Afghanistan had been stabilized.

> The QDDR report calls on state to restore government capacity in mission-critical areas to balance the work force.

Sadly, the demand for civilian resources has proved insatiable. Admittedly, wartime contracting differs dramatically from contracting in more stable environments, but the basic point pertains for both. Throwing money at problems in an improvised fashion without proper attention to the optimal chain of command is always a recipe for waste, fraud and abuse. When Congress cuts off emergency appropriations and troops are drawn down, the question of how best to secure American interests and sustainable development with more limited resources for the countries we aspire to help will remain.

Above and beyond the surge capacity they can provide, another motivation for turning to contractors is the reality that securing funds for additional government staffing is an ever-tougher sell in today's political environment. The perception that hiring more government employees means more bureaucracy and less efficiency makes outsourcing the path of least resistance for getting anything done—and one that is less prone to scrutiny.

It is also easier to secure funds for programs than to ensure the money is well spent. In wartime Iraq and Afghanistan, oversight largely devolved to the Offices of the Special Inspector General for Afghanistan and for Iraq Reconstruction, respectively. But SIGAR and SIGIR could act only after things had irretrievably gone off the rails; they could not steer processes in the right direction before they went awry.

> Once institutions start to rely on contractors, they slowly lose in-house capacity, creating a vicious cycle.

For all these reasons, outsourcing at State and USAID turned into a self-perpetuating mechanism. Once institutions start to rely on it, they slowly lose in-house capacity, becoming increasingly dependent on continued use of contractors—even after experience reveals some things may properly belong squarely in-house.

The tragic loss of four American lives in Benghazi last September is in part the unsurprising price of pursuing diplomacy and development programs in dangerous locations. But it is also a call for the State Department to rethink the outsourcing trend in looking toward the future.

Reform from Within

Fortunately, that process has already begun. Soon after taking office in 2009, Secretary of State Hillary Rodham Clinton launched a sweeping strategic assessment of State and USAID's missions: the Quadrennial Diplomacy and Development Review. Among the many issues it considered was the implications of outsourcing:

"Much of what used to be the exclusive work of government has been sourced to private actors, both for-profit and not-for-profit. As responsibilities mounted, obligations in front-line states expanded and staffing levels stagnated, State and USAID increasingly came to rely on outsourcing. Contracts with and grants to private entities often represent the default option to fill growing needs. And these contracts and grants themselves have become high-profile instruments of U.S. diplomacy and development."

Also in 2009, I published a book exploring the causes and consequences of the trend to contract out core diplomatic and development functions: *One Nation under Contract: The Outsourcing of American Power and the Future of Foreign Policy.* (See the January 2010 issue of *The Foreign Service Journal* for a review.) That led to an invitation to participate in the QDDR process. It was an honor to accept, though proposing reforms from within is always a sensitive business, of course. Every suggested change potentially casts someone else's past efforts in a negative light.

The QDDR report, issued in December 2010, identified several areas where recalibration of current practices was indicated to balance the work force and improve oversight and accountability. As part of that effort, the report called on State to restore government capacity in mission-critical areas—i.e., to bring back in house functions that should never have been outsourced. However, the drafters refrained from offering a list of mission-critical functions that are best performed by government employees.

The study did acknowledge that simply reversing outsourcing would not necessarily rectify these problems. Instead, USAID and State will continue to seek "the appropriate mix of direct-hire personnel and contractors so that the U.S. government is setting the priorities and making the key policy decisions."

Another key conclusion highlighted interagency cooperation as an important antidote to excessive reliance on contractors: "The theme of interagency collaboration runs throughout all aspects of the QDDR. We will turn to the personnel of other agencies before turning to contractors."

Several recommendations focused on rebuilding USAID's in-house development expertise, which had atrophied due to massive budget cutbacks and hiring freezes during the 1990s and 2000s. As a result, the agency was in danger of becoming a contract clearing house.

Even before the QDDR's public unveiling, in fact, USAID had begun to address those challenges through its USAID Forward initiative, billed as "an effort to make the agency more effective by changing the way we partner with others, embracing a spirit of innovation and strengthening the results of our work, saving money and reducing the need for U.S. assistance over time."

The QDDR pledged that USAID would identify positions more appropriately performed by direct-hire personnel, and enhance and improve private security contractor oversight and accountability, since reliance on U.S.-based contractors and implementing partners tends to undercut efforts "to build local capacity so partner countries can sustain further progress on their own." Enshrining the goals of USAID Forward in the QDDR process was an important step toward crafting a more sustainable path for U.S. development policies.

While the QDDR noted a need to close a gap in overseas mid-level staffing, apart from a general acknowledgement that the State Department had relied too much on contractors in some areas of its operations, it refrained from more specific recommendations on State's side of the equation. Unlike the situation at USAID, there was no reform initiative already under way at State that the QDDR could highlight to better ensure its successful implementation.

The unintended consequences of outsourcing will pose challenges for the civilian side of foreign policy long after the last soldier has come home.

The Picture Today

State and USAID have both made some progress on their civilian capacity issues. As Shawn Dorman reported in the October 2012 *Foreign Service Journal* ("The Hiring Pendulum"), the goal of the State Department's Diplomacy 3.0 initiative was to increase the size of the department's Foreign Service cohort by 25 percent (with a comparable increase in associated budget levels) and the size of the Civil Service component by 13 percent, both by 2013. USAID's Development Leadership Initiative sought to double the size of the agency's Foreign Service by adding 1,200 new FSOs to its ranks.

Both agencies made substantial progress toward their respective goals: USAID had hired about a thousand FSOs, more than 80 percent of the goal, by the end of 2011. Meanwhile, State managed to increase the size of its Foreign Service corps by about 17 percent over the same period.

In the wake of the financial crisis, however, the hiring pendulum began to swing the other way in 2011. State now anticipates its goals will not be met until 2023. Meanwhile, the Government Accountability Office reported in July 2012 that significant Foreign Service mid-level staffing gaps persist at both agencies despite the increases in hiring.

> The tragic loss of four American lives in Benghazi should be a call for State to reconsider security arrangements in dangerous locations.

Taken together, State's Diplomacy 3.0 initiative and USAID's Development Leadership Initiative have added more than 4,000 positions over the last three years, of which around 1,200 are FSOs. Despite repeated requests for data, State has not released statistics indicating how many of the remaining positions are held by contractors and how many by Civil Service members.

Further complicating efforts to analyze the extent of outsourcing, Congress requires that funding requests for additional staffing be divided between the base budget and a category for Overseas Contingency Operations (covering posts for Iraq, Afghanistan and Pakistan). It does not stipulate how the latter funds are to be spent, however.

At the time of this writing, it is unlikely that these gains in additional positions are in any way locked in, since so much of State's and USAID's activities and staffing have been funded by supplemental appropriations targeted toward Afghanistan, Pakistan and Iraq. (An October 2011 GAO study identified fully 40 percent of these new Foreign Service positions as based in those three countries.) As the United States draws down military forces in Afghanistan, and Congress further tightens the purse strings, severe staffing deficiencies camouflaged by a decade of emergency improvisations are likely to grow apparent.

The picture on the contracting side is beginning to change at USAID. According to USAspending.gov, USAID spent $4.5 billion on contracts in 2011, a reduction of more than $2 billion from 2010 outlays, and a reversal of what had previously been a steady upward trajectory. The top five recipients that year were Chemonics, Partnership for Supply Chain Management, Development Alternatives, Tetra Tech and John Snow Incorporated.

In comparison, State expended $9.2 billion on contracts in 2011, an increase of 13.6 percent over the previous year. The top five prime award contractors for the State Department that year were Veritas Capital Fund, B.L. Harbert Holdings, Miscellaneous Foreign Contractors, Triple Canopy and Goldberg Lindsey & Company. (Reliable figures for 2012 are not yet available, since USAspending.gov is a live data stream.)

Admittedly, these figures do not tell us exactly how large outlays for contracts influence direct-hire staffing levels at USAID and the State Department. But all the available evidence suggests that entrusting the private sector with a larger proportion of the government's daily work eventually undercuts the case for the unique contribution of employees wholly committed to serving the public interest, rather than a bottom line.

To put it another way: If contractors and full-time employees are deemed interchangeable in most situations, then contractors will almost always appear to be the most desirable choice, especially when revenues are scarce. Contractors can be hired for specific tasks, and when they are done, they do not remain on the payroll or accrue benefits; no long-term financial commitment need be made.

Similarly, if the choice in tough financial times is framed as between investing in the private sector and infrastructure abroad, or doing so here at home, Congress is unlikely to support an adequate level of staffing for USAID and State.

Such short-term tactical choices have strategic ramifications further down the road, however, as we have already seen in Libya, Egypt and Yemen.

Security Spending Spikes

The QDDR report did not formulate concrete recommendations about one major aspect of contracting: How should State and USAID safeguard their personnel and facilities in fragile states?

Both in Iraq and Afghanistan, private security contractors have been deployed at unprecedented levels and for every conceivable security function for much of the past decade. Such operations account for a significant portion of the exponential increases in spending on contracts at State and USAID over that period (523 and 945 percent, respectively). That trend is almost certain to continue in Afghanistan with the ongoing drawdown of uniformed personnel. In 2011, more U.S. civilian contractors lost their lives in Afghanistan than did soldiers.

> It is easier to secure funds for programs than to ensure the money is well spent.

The State Department has traditionally relied on a combination of host-government support and official American and local staff to guard its embassies and consulates. But once it became clear that this approach was no longer adequate to meet the challenge of sustaining long-term operations in dangerous environments like Iraq and Afghanistan, State turned to multinational private security contractors to plug the gaps.

It is impossible to prove that outsourcing security is always more expensive, but there is ample evidence that the practice does not guarantee cost-effectiveness. For example, an August 2008 report from the Congressional Budget Office concluded that it actually cost the State Department more to hire Blackwater to provide security than it would have to rely on Army units in Iraq.

A 2011 study by the Project on Government Oversight found that in 33 of 35 occupations, the government actually paid billions of dollars more to hire contractors for services than it would have cost for government employees to do the same work. The study also found that contractors were paid more than twice as much as government direct hires, on average, for performing the same functions.

The cost of benefits for any government employee closes this gap. But in the security realm, this offsetting effect is smaller because many security contractors are retired military personnel, whose training and benefits have already been funded by the U.S. taxpayer.

Even if we assume that contracting out State's security operations has always been cost-effective, it has come at a high strategic price. Any favorable cost calculation presupposes, after all, that the host country doesn't mind being overrun by a multinational crew of hired guns. But increasingly, they do mind—and for legitimate reasons.

The presence of private security firms presents difficult challenges for any post-conflict state trying to build capacity to manage its own affairs and security. Among other effects, it distorts the local labor market, furthering dependence on foreign assistance to provide jobs and secure its territory.

In Afghanistan, for example, establishing a professional army and police force has proved exceedingly difficult because there was more money to be made as a contractor than as a representative of the Afghan state. In addition, it is all too easy for locally sourced private security companies to become de facto militias.

These are two of the reasons Afghan President Hamid Karzai cited when he issued a decree in August 2010 ordering all private security contractors, both foreign and domestic, to cease operations by the close of the year. He ended up backpedaling, however, making exceptions for embassies and NGOs, and settling for a new licensing scheme, because ending the use of private security in Afghanistan would have effectively meant the end of the U.S. mission there. It would also have meant a dramatic loss of decent-paying jobs for the Afghan people. (In late 2011, the World Bank reported that foreign aid for Afghanistan was roughly equivalent to the country's nominal gross domestic product.) But the very fact that he made such a threat underscores the importance of the issue.

In December 2012, Karzai went still further, blaming Washington and its contractors for the disturbing levels of corruption in Afghanistan. He told NBC News, "We have to wait for 2014 for the withdrawal of international forces, for the reduction in the amount of contracts. Then you will see that Afghanistan will definitely be a lot less corrupt government and country."

Tragedy in Benghazi

The Sept. 11 deaths of U.S. Ambassador to Libya Chris Stevens and three other Americans were also very much bound up with the private security contracting dilemma, though not in the ways that many Americans assumed. Initial media reports mistakenly identified the two Navy Seals who perished in Benghazi as security contractors for the State Department, which they were not.

In early 2012 Libya's new government had expressly banned the use of foreign or domestic armed security contractors on Libyan soil. This put State in a real bind, since its Bureau of

Diplomatic Security was already severely stretched. Fewer than a thousand DS agents guard more than 270 American embassies and consulates around the globe.

Even though Libya was never formally classified as a war zone like Afghanistan, Iraq and Pakistan, the Department of Defense acceded to two requests from State for assistance in securing its Libyan operations once contractors were banned. This aid was crucial because the situation in Benghazi, the former headquarters of the anti-Qaddafi forces, had worsened over the course of 2012. The Red Cross had pulled out of the city in June, after an attack on the organization.

In August Eric Nordstrom, then the chief security officer at the American embassy in Tripoli, requested a third extension of that support. But Washington denied it, creating an immediate security vacuum.

In testimony before the House Oversight Committee on Oct. 10, Charlene Lamb, a deputy assistant secretary in the Bureau of Diplomatic Security, described State's plan to phase out reliance on the U.S. military and hire local guards to protect the Benghazi compound, a strategy that had been successfully deployed in Yemen. This shift was apparently spurred, at least in part, by the fact that State had been reimbursing DOD at relatively expensive rates.

Yet in hearings the Senate Foreign Relations Committee held on Dec. 20, Senator Bob Corker, R-Tenn., denied that the program was expensive. He asserted that State had to pay only for the team's lodging, as the rest was covered by DOD. Deputy Secretary of State Thomas Nides did not contest this claim.

Whatever the reason for denial of the August request to continue the existing program, the tragedy in Benghazi makes clear that State has neither the resources nor the in-house capacity to operate safely in three war zones simultaneously, even if one is not officially labeled as such. Making matters worse, more host governments are becoming reluctant to accept the improvisation of turning to security contractors.

As for the QDDR directive to turn to the personnel of other agencies before contractors, even where the Pentagon is willing to help, State sees some potential diplomatic costs to relying too heavily on the military to secure its operations in dangerous environments.

Lessons Learned?

Secretary of State Hillary Rodham Clinton quickly ordered an independent investigation of the attacks in Benghazi, and the Accountability Review Board released the unclassified version of its findings in late December. The ARB found "grossly" inadequate security and leadership failures to have put American citizens unnecessarily in harm's way. Its report faulted the department for relying too heavily on local security forces in its improvised security arrangements, and found the oversight of those provisions to be confusing and undisciplined.

Sec. Clinton accepted all of the board's recommendations (see page 12 for the full list) and requested additional money from Congress to implement its findings, including hiring 150 new DS agents, a 15-percent increase in the force. Additional resources are certainly need-ed, but exactly how they should be deployed is the real question.

Regrettably, the Dec. 20 Senate hearing on the topic did not tackle this issue. The word "contractor," for example, doesn't even appear in the transcript. Once the urgency of the Benghazi report recedes, it is uncertain whether Congress will follow through with the additional funding State needs to hire more agents. And in the absence of that commitment, hiring security contractors will continue to be the path of least political resistance, even though experience has shown this to be a highly unreliable option.

Alternatively, Washington could choose to refrain from ambitious military intervention, a policy shift our current fiscal crisis may facilitate in any case. But that would still leave us with the need to meet ongoing commitments, which have already led to reliance on the "fortress embassy" model. No matter how effective that approach may have been in keeping our facilities and personnel safe, our experience in Baghdad and other places raises real concerns about how effective diplomacy can be when conducted from behind a barricade.

Formulating the appropriate approach to security at embassies and consulates around the globe thus turns, in part, on how one envisions the future of U.S. diplomacy. If carefully calibrated military interventions that avoid the introduction of ground forces are the wave of the future, then the State Department would be wise to build internal capacity to pursue its mission without unnecessary risk. Or, if the faltering economy makes the American public less willing to finance a large diplomatic presence overseas, then fewer Foreign Service personnel would be put in harm's way.

However Washington proceeds, properly funding and staffing U.S. diplomacy and development programs after more than a decade of war is likely to remain a pressing concern. As that debate unfolds, it's worth keeping in mind that one of the biggest hidden costs of depending so heavily on contractors is that it can blind us to those things that only government employees can do well. ■

ADLAI STEVENSON: DREAMER OF THINGS THAT NEVER WERE

The New START Treaty was an encouraging step, but we still need to implement the nuclear test ban first proposed half a century ago.

BY JAMES E. GOODBY

During the late afternoon of Oct. 22, 1962, diplomats at United Nations headquarters in Manhattan were busy with the usual fall business of the General Assembly. As a Foreign Service officer assigned temporarily to the U.S. delegation to the United Nations, I had been focusing on the stalled nuclear test ban negotiations in Geneva.

Like other members of U.N. Ambassador Adlai Stevenson's delegation, I had been asked to join him in his office that evening to hear President John F. Kennedy's speech to the nation. None of us knew what the president was going to say. And as we listened, the room grew quiet except for the sound of Kennedy's voice from the television—and not just out of respect for the president.

What he announced was shocking. The Soviet government had deployed missiles and bombers in Cuba capable of carrying nuclear warheads to targets in the United States and elsewhere in the Western Hemisphere. The president declared: "It shall be the policy of this nation to regard any nuclear missile launched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States, requiring a full retaliatory response upon the Soviet Union."

After the speech, Stevenson spoke in sobering terms about the dire situation and invited questions. I asked him whether the Soviets already had nuclear warheads in Cuba. The ambassador said he did not know the answer to that question. In fact, no American

Americans leaders from Adlai Stevenson to Barack Obama have embraced the conviction that humans can shape their destiny.

knew the answer. Moscow had already successfully concealed one shipment of nuclear warheads to Cuba, and another shipment, also undetected, would arrive there the very next morning.

Had JFK heeded the advice he received to respond by invading Cuba, some of those weapons almost certainly would have been used, with terrible consequences.

Managing Nuclear War

Soon after that near-catastrophe, a Harvard professor named Thomas Schelling (later a Nobel Prize laureate) persuaded Walt Rostow, chairman of the State Department's Policy Planning Council, and McGeorge Bundy, Kennedy's national security adviser, to undertake a study of how, once begun, a nuclear war could be ended. It was the first project of its kind.

And thus, in 1963, the Net Evaluation Subcommittee of the National Security Council was directed by the highest authorities in the U.S. government to examine the concept of management and termination of war with the Soviet Union.

That study produced a top-secret, limited-distribution report that is now declassified. As a member of Rostow's staff, I was assigned to the mainly military team that wrote the report. This is what we said:

"The United States must always be prepared for the worst case; namely, that of a Soviet-initiated nation-killing attack: Vital to such a situation would be a high assurance of being able to destroy the USSR, no matter what degree of surprise the Soviets might achieve. …

"In the event of a nation-killing attack, the implementation of a sophisticated response capability, attempts at war management in order to limit the total effects of war, or attempts to negotiate the termination of the war, would have little chance of success. Any implementation of these concepts under such circumstances therefore must not be permitted to risk the degradation of our capability to destroy the Soviet Union."

There is a good deal of cognitive dissonance in those chilling sentences, but such was the logic of mutual assured destruction. That's precisely what a "full retaliatory response" implied. The escape clause for Kennedy would have been whether a few nuclear explosions constituted "a nation-killing attack." The use of nuclear weapons in Cuba by Soviet troops based there might not have been seen as such—perhaps.

The NSC issued its assessment in 1963, long before each side began building and stockpiling tens of thousands of thermonuclear weapons, and the doctrine of "protracted nuclear war" was enshrined in President Jimmy Carter's war plans. The rationale for the study was based, in large part, on the hope that nuclear war could be managed and that the perceived ability to do that would reinforce nuclear deterrence.

Thankfully, that thesis was never tested. Yet although our command and control systems today are light-years ahead of what they could do in the 1960s, the question stands. Should a two-sided (or more) nuclear war begin, would reason prevail before it was too late?

Two decades after the Cuban episode, President Ronald Reagan said that a nuclear war could not be won and must never be fought. For that reason, he favored eliminating all nuclear weapons—and was roundly criticized by the experts for daring to say this. But he was strongly supported by his Secretary of State, George Shultz.

Three decades after that, Reagan's legacy continues in four

James E. Goodby, currently a research fellow at the Hoover Institution at Stanford University, retired from the Foreign Service in 1989 with the rank of career minister. His diplomatic career included assignments as deputy assistant secretary in the Bureau of Political-Military Affairs (1974-1977) and Bureau of European Affairs (1977-1980); ambassador to Finland (1980-1981); vice chair of the U.S. delegation to the Strategic Arms Reduction Treaty talks (1981-1983); and head of the U.S. delegation to the Conference on Confidence-Building Measures in Europe (1983-1985).

In 1993 Ambassador Goodby was recalled to serve as chief negotiator for nuclear threat reduction agreements (1993-1994); special representative of the president for the security and dismantlement of nuclear weapons (1995-1996); and deputy to the special adviser to the president and Secretary of State for the Comprehensive Test Ban Treaty (2000-2001).

Amb. Goodby has taught at Carnegie Mellon, Georgetown and Syracuse, and is the author of At the Borderline of Armageddon: How American Presidents Managed the Atomic Bomb *(Rowman & Littlefield, 2006) and* Europe Undivided *(U.S. Institute of Peace Press, 1998).*

When one considers how little effort has gone into eliminating nuclear weapons, it becomes painfully clear that we have a lot of catching up to do.

lines of thought: an emphasis on the ultimate futility of dependence on nuclear weapons for national security; a paradigm shift from arms control, as practiced since the early 1960s, to nuclear disarmament; ballistic missile defense as a key to reductions in strategic offensive forces; and de facto termination of the doctrine of "protracted nuclear war."

"This Is Madness"

Nuclear deterrence, as practiced during much of the Cold War, came to be known by its acronym, "MAD": mutual assured destruction. Stevenson had seen the terrible irony of that moniker back in the 1950s.

Stevenson first publicly challenged the logic of nuclear deterrence as the Democratic Party's standard bearer late in the 1956 U.S. presidential campaign: "This is madness—this policy of trying to preserve peace by a preponderance of terror." And he had already proposed the suspension of testing of thermonuclear weapons, hopeful that such an example would lead to a lasting ban on such tests.

The Eisenhower administration sharply criticized Stevenson's proposal at the time, but two years later, in October 1958, President Dwight Eisenhower declared a moratorium on all U.S. nuclear weapons tests while negotiations on a treaty to ban all nuclear tests were under way.

While serving as the Kennedy administration's ambassador to the United Nations, Stevenson continued to be an outspoken critic of nuclear testing. A limited test ban treaty came into force in 1963 and, in 1996, President Bill Clinton signed a comprehensive test ban treaty. But when the Senate considered that agreement in 1999, it rejected it.

President Barack Obama's administration has promised to revive that treaty, and now has a chance to do so as his second term begins.

Shaping Human Destiny

In a speech in Prague on April 5, 2009, Pres. Obama said: "Some argue that the spread of these [nuclear] weapons cannot be checked—that we are destined to live in a world where more nations and more people possess the ultimate tools of destruction. This fatalism is a deadly adversary. For if we believe that the spread of nuclear weapons is inevitable, then we are admitting to ourselves that the use of nuclear weapons is inevitable. Now we, too, must ignore the voices who tell us that the world cannot change."

Like Pres. Obama, Adlai Stevenson and other American leaders all embraced the conviction that human destiny can be shaped by human beings. As American leadership is being tested by the threat of nuclear-armed terrorism, changes in thinking are badly needed.

When one compares the immense outpouring of energy and resources in defense of nuclear deterrence with how little has been done to help the world understand how to live without nuclear bombs, it becomes painfully clear that we have a lot of catching up to do.

As former Secretaries of State George P. Shultz and Henry Kissinger, former Secretary of Defense William Perry and former Senator Sam Nunn jointly declared in a famous 2007 *Wall Street Journal* opinion piece, "Deterrence continues to be a relevant consideration for many states with regard to threats from other states. But reliance on nuclear weapons for this purpose is becoming increasingly hazardous and decreasingly effective." Indeed, nuclear deterrence can no longer be counted on to work as we thought it did during the Cold War. Former Secretary of Defense Harold Brown summed this up well when he wrote: "What works on one does not necessarily work on many."

Still, some Cold War veterans believe, implicitly or explicitly, that it would be unthinkable for the United States to rid itself of all its deployed and non-deployed nuclear weapons, even if all other nations did so. To them, only the threat to resort to nuclear weapons in combat against other nations stands between us and armed attacks of one sort or another on our homeland or our interests abroad. I suppose some people in other nuclear-armed nations believe the same thing about their own nation's arsenals.

In fact, though, the U.S.-Soviet model of nuclear deterrence during the Cold War was probably unique. No one should think that deterrence in a world with multiple powers possessing nuclear bombs and warheads will work the same way. And we shouldn't want to find out.

Just as in the 1960s, we should ask: Should a two-sided (or more) nuclear war begin, would reason prevail before it was too late?

Combating Nuclear Proliferation

Today there is widespread agreement that the MAD doctrine is obsolete, and such threats as terrorism, ethnic conflict, asymmetric warfare and the illicit trade in nuclear materials cannot be deterred by nuclear weapons. Yet Moscow and Washington are still stuck in the nuclear deterrence mindset.

Even if nuclear deterrence is assumed to retain some value in situations where peace is still conditional, the global numbers don't need to be in the tens of thousands. That creates incentives to proliferation. Instead, we need to create disincentives. This is what Adlai Stevenson quickly came to understand, especially during his tenure at the United Nations.

New complications, such as cyberwarfare, almost guarantee that a reliance on nuclear deterrence will become increasingly hazardous. Estonia has already been the victim of cyberwarfare, and so has Georgia, before and during its 2008 war with Russia. In addition, Iran and the United States have reportedly traded cyberattacks.

Just imagine the Cuban Missile Crisis with terrorists egging on both sides with false messages. That thought experiment underscores how unwise it is to depend on a bluff—which is what nuclear deterrence really is—in such situations.

Nuclear proliferation and nuclear terrorism are clear and present dangers to the United States, so the tightest possible control over uranium and plutonium everywhere in the world is absolutely essential. Two Nuclear Security Summits during Pres. Obama's first term helped achieve that goal, but only completely drying up the reservoirs of nuclear weapons will deny terrorists access to ready-made warheads.

But long before all the world's nuclear weapons are eliminated, there are steps, like a ban on nuclear test explosions and a cessation of producing the fissile materials used in bombs, that would stop any increase in the number of countries that possess nuclear weapons. And if we don't do those things soon, it is predictable that more nuclear weapons in more hands will eventually lead to a nuclear explosion in one of the world's great cities.

Adlai Stevenson realized that we are skating on thin ice where nuclear weapons are concerned. But we have all become so used to them that we no longer think about the danger. The idea of eliminating these weapons seems unreal, a distraction from our day-to-day problems.

The entry into force on Feb. 5, 2011, of the New START Treaty was a step toward safety. But much more needs to be done—starting with the very nuclear test ban which Adlai Stevenson pioneered and fought for decades ago.

President Obama called for a world free of nuclear weapons in his 2009 Prague speech, a goal Vice President Joe Biden reaffirmed in a major policy speech the following year. That declaration was significant because Biden said that a world without nuclear weapons would also be a compass by which the administration would steer current policy. Specifically, he announced the administration's strong support for increased funding for the nation's nuclear weapons laboratories. This was the same message that Shultz, Kissinger, Perry and Nunn had delivered in their 2007 *Wall Street Journal* opinion piece.

The essential point in these statements is that America's real nuclear deterrent resides in the skills of its scientists and engineers, more than in the numbers and types of weapons that have been manufactured at any given time. That will remain true even if all of the world's nuclear weapons have been eliminated.

The Test Ban Treaty: A Crucial Link

Because of the successes of American scientists and engineers in maintaining a safe and reliable stockpile of nuclear weapons, even in the absence of any American nuclear test explosions since 1992, the United States can confidently embark on a campaign to enlist all of the world's possessors of nuclear weapons in a long-term effort to reduce and eliminate those weapons. A joint enterprise will be required to accomplish this, one that embraces many nations, not just Russia.

For this same reason, the United States can safely work for the entry into force of a comprehensive, global ban on all explosive nuclear tests. This will not be easy, for some nations will want to enjoy the freedom to test their newly designed nuclear weapons, unencumbered by a treaty banning their tests.

The most threatening of those nations are not friendly toward the United States; nor are they friends of the nuclear nonproliferation treaty. Currently, American diplomacy must work with one hand tied behind its back, because the U.S. Senate has not yet given its advice and consent to the ratification of the test ban treaty that still lies before it.

The test ban treaty is an absolutely essential element in a network of barriers against proliferation. It is not a panacea in itself, but it is critical to the success of the whole project. The treaty would prevent advanced nuclear weapon states from making significant improvements in their weapons stockpiles, and it would prevent non-nuclear weapon states from developing more sophisticated weapons useful for war-fighting.

Some opponents of a comprehensive test ban argue that whether the United States tests or develops new weapons has no effect on what the other nations do. But expectations about the future are what motivate all governments. And explosive testing is perhaps the most visible of all nuclear weapons activities.

A nuclear explosion amounts to an announcement that nuclear weapons are here to stay. That is what testing tells the world.

Making Dreams a Reality

The United States has not conducted a nuclear test since 1992. The other four recognized nuclear weapons states—Britain, France, Russia and China—have also recognized moratoriums on testing. So why not just continue this informal arrangement?

Well, the past several years have shown us how moratoriums work—and how they don't. One lesson is that instabilities are inherent. Since there are no agreed standards, there are bound to be doubts about whether there is a level playing field among the countries. Nor is there agreement on how to remove doubts about other nations' actions: no on-site inspections, no transparency at test sites. This is why we need a formal treaty that is verifiable and enforceable.

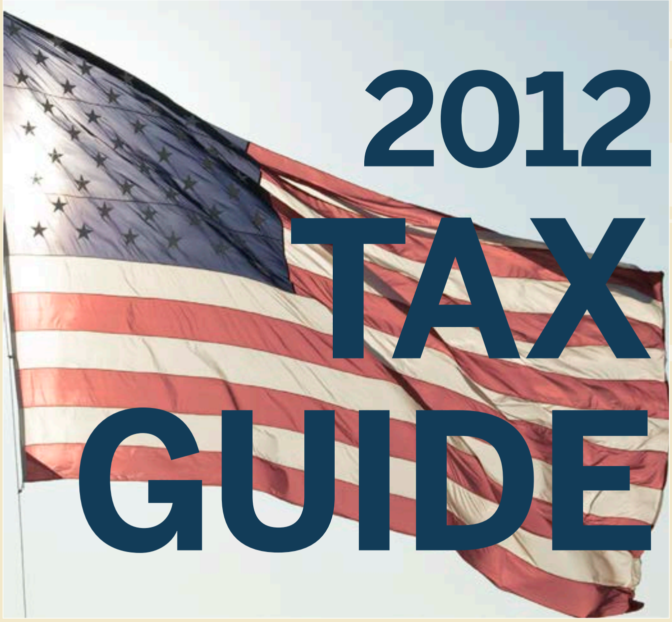
Without U.S. leadership on a comprehensive nuclear test ban treaty, a world free of nuclear weapons will not be perceived as realistic, and efforts to strengthen the nonproliferation system will falter. The United States has much to gain by outlawing nuclear tests, and the Senate should approve the Test Ban Treaty as soon as possible.

Such an achievement would constitute a most fitting legacy, not only for Adlai Stevenson, but for Dwight Eisenhower, John Kennedy and Ronald Reagan—and so many other leaders and diplomats who have worked to ensure that the world never faces another Cuban Missile Crisis. ■

Federal and State Tax Provisions for the Foreign Service

AFSA's annual Tax Guide is designed as an informational and reference tool. Although we try to be accurate, many of the new provisions of the tax code and the implications of Internal Revenue Service regulations have not been fully tested. Therefore, use caution and consult with a tax adviser as soon as possible if you have specific questions or an unusual or complex situation.

Foreign Service employees most frequently ask AFSA about home ownership, tax liability upon sale of a residence and state of domicile. We have devoted special sections to these issues. James Yorke (YorkeJ@state.gov), who compiles the tax guide, would like to thank M. Bruce Hirshorn, Foreign Service tax counsel, for his help in its preparation.



Federal Tax Provisions

The Military Families Tax Relief Act of 2003 continues to provide a significant benefit for Foreign Service families who sell their homes at a profit, but would have been unable to avail themselves of the capital gains exclusion (up to $250,000 for an individual/$500,000 for a couple) from the sale of a principal residence because they did not meet the Internal Revenue Service's "two-year occupancy within the five years preceding the date of sale" requirement due to postings outside the U.S. In relation to the sale of a principal residence after May 6, 1997, the 2003 law provides that the calculation of the five-year period for measuring ownership is suspended during any period that the eligible individual or his or her spouse is serving away from the area on qualified official extended duty as a member of the uniformed services, the Foreign Service or the intelligence community. The five-year period cannot be extended by more than 10 years. In other words, Foreign Service employees who are overseas on assignment can extend the five-year period up to 15 years, depending on the number of years they are posted away from their home..

For 2012, the six tax rates for individuals remain at 10, 15, 25, 28, 33 and 35 percent. The 10-percent rate is for taxable income up to $17,401 for married couples, $8,701 for singles. The 15-percent rate is for income up to $70.701

Continued on page 41

PLEASE NOTE

This guidance applies to the 2012 tax year, for returns due on April 15, 2013. We expect there will be a variety of changes to the tax code for the 2013 tax year, but at present we are not aware of any possible changes that are likely to apply to 2012.

CALENDAR

2/6/2013
12:00 - 2:00 PM
AFSA Governing Board Meeting

2/6/2013
Deadline for Art and Academic Merit Awards Applications

2/10 - 2/13/2013
AFSA Road Scholar Program

2/11/2013
2:00 - 3:30 PM
Seminar: Getting the Most Out of Your TSP

2/11 - 2/13/2013
8th Annual Conflict Prevention, Peacekeeping & Stability Conference

2/18/2013
Presidents Day: AFSA Offices Closed

2/20/2013
12:00PM - 1:00PM
Luncheon: 170th A-100 Class

2/28/2013
Deadline for AFSA Dissent and Performance Award Nominations

3/6/2013
12:00 - 2:00 PM
AFSA Governing Board Meeting

3/6/2013
Deadline for AFSA Financial Aid Applications

3/10 - 3/14/2013
AFSA Road Scholar Program

3/17 - 3/20/2013
AFSA Road Scholar Program

STATE VP VOICE | BY DANIEL HIRSCH

Views and opinions expressed in this column are solely those of the AFSA State VP.

The Importance of Community

AFSA continues to work with the department to improve policies for transportation and evacuation of pets, and their inclusion in post planning for crises and emergencies. Some of our members wonder why we focus time and resources on such matters. Or to put it another way: why should AFSA or the State Department care about pets, your spouse, your kids or your 1968 mint-condition, candy-apple-red Mustang?

To me, the short answer to all of these questions is the same: "Because it is in the interest of the Foreign Service to do so."

A Foreign Service career asks its members to spend nearly their entire working lives travelling from post to post overseas.

There are other agencies that ask their members to live overseas for a two-year stint here, or a four-year stint there, followed by equal time in the U.S. And others require their members to change duty stations, both in the U.S. and overseas, regularly.

But the Foreign Service asks more than any other with regard to spending the bulk of a career, and of a lifetime, moving between posts that are truly foreign.

Moving from a military base in Germany to one in Kuwait is a big deal, and a lifetime of doing so is arduous. But one is essentially moving from one fairly large community, with many of the comforts, sights and sounds of America, to another. Typically, one can go all day in such places without having to speak any language but English. One can watch the latest American TV shows, eat lunch at Pizza Hut, shop in stores that sell American goods, send the kids on a yellow school bus to an American-curriculum school, and get together with American PTA members to talk about how they're doing. You can't do all of that in Ulaanbaatar, or Ashgabat, or even Montevideo. Many Foreign Service families spend most of their lives without ever experiencing something most Americans take for granted: an American community.

Community is an extremely important component of morale, and, for many people, a dealmaker or breaker when choosing a career. It is also, for lack of a better way of putting it, one of the things that keeps us "American," and helps us represent the American people, when we are far from home. Community provides consistency in a career where many things change frequently. It helps our children grow up American, with ties to our own country, and plays a healing role in making people feel secure and helping them deal with stress.

In the Foreign Service, we make our own community at every post we move to. Typically, it is small and transient, and is rarely everything we would want a community to be. But it is what we have. And it is all the community the U.S. government can offer to a prospective Foreign Service candidate, or a talented FS member it wishes to retain.

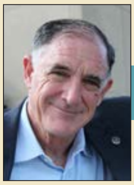
Our community includes family members. In AFSA surveys, our members have repeatedly indicated that family concerns matter more to them than any other consideration in choosing a post, or choosing to remain in the Service.

Community also includes the things that make a home a home, the intangibles that remind Americans overseas of their homes back in the States, such as the Mustang you have taken with you from post to post. And whether one considers a companion animal to be a family member, a possession or merely a fellow traveler, it plays an enormous role in employee satisfaction and morale.

Transporting pets, or dealing with them in emergencies, costs money. So does transporting or storing an employee's household effects. So do vaccinations, school fees, bassinet shipments and travel of children of separated parents. The government pays for all of these things not because it likes you, but because it recognizes that recruiting the best and the brightest entails enabling people to live all over the world with the things that matter the most to them.

If pets are what matter most to a significant number of Foreign Service members and prospective candidates, then AFSA, and the State Department, should care about pets. After all, they are part of our community. ■

Our community includes family members. In AFSA surveys, our members have repeatedly indicated that family concerns matter more to them than any other consideration in choosing a post, or choosing to remain in the Service.



Views and opinions expressed in this column are solely those of the AFSA FCS VP.

Much to Lose, Much to Gain

The relationship between the Foreign Commercial Service and the Department of State's Bureau of Economic Affairs has been a bumpy one during the 25 years that I have served in the Foreign Service. But it seems to have gotten even bumpier in the last two years because of the double whammy of FCS shifting resources from lower-priority to higher-priority markets and thereby requiring more coverage from State, at the same time that State has put renewed emphasis on economic issues in its Quadrennial Diplomacy and Development Review.

Over the course of my career I have tended to ignore as much as possible bureaucratic turf battles, which are uninteresting in the short run and unimportant in the long one. I prefer to get my job satisfaction from gettng things done and having real hands-on, results-oriented experiences with U.S. businesspeople, rather than writing a memo or cable to Washington about who did what. My experience in the field is that there has always been more than enough work to go around, so it never made any sense to fight over who does what.

I have a high regard for the abilities of my econ colleagues and have almost always enjoyed working with them in a friendly and collegial way. In fact, to borrow a phrase, "Some of my best friends are econ officers." I would like to thank them for their help, and the fun we have had together. The best of the best are those that have low regard for their own bureaucracy.

In this respect, *The Foreign Service Journal*'s October issue on the new generation of officers was

Now that we have the elections behind us, and the very serious business of setting priorities and containing government costs ahead of us, we need to focus on how to get this right.

very insightful. The new officers—more than 60 percent of whom have joined since 9/11—see the bureaucracy as one of the biggest problems.

What has changed is a serious and alarming lack of coordination in Washington. And unfortunately, this seems to be more by design than by accident. In the past, a serious cable on worldwide Commercial Service issues would have never gone out without the clearance of our agency. I can recall several joint cables being sent by the Secretaries of State and Commerce on these issues during my career. Today, by contrast, many of the initiatives of Economic "Stagecraft"—I use that epithet because so many of the efforts seem to focus as much on show (witness "Economic Day") as substance—anything but collaborative. Some of my econ colleagues tell me that much of this angst started with the FCS repositioning program, where we closed offices that shifted more work on to State.

Some of you might be saying, why worry? In the end, each chief of mission will sort out these cables and initiatives as they see fit. To understand why this matters, I invite you to read the January Speaking Out column by Commerce's Dan Harris, regional director for East Asia and the Pacific, on the possibilities of moving FCS into State.

At the same time all this is going on, we are facing a major internal reorganization of the International Trade Administration.

If any of the many organizational possibilities are to be successful, they will have to preserve the FCS's business-oriented culture. Expanding exports and creating jobs in the U.S. have given commercial work unprecedented priority. Potentially, there are both efficiencies and greater economies of scale to be gained for the critical commercial work of expanding and protecting our nation's economic well-being.

Now that we have the elections behind us, and the very serious business of setting priorities and containing government costs ahead of us, we need to focus on how to get this right. Let us look carefully at all the options, for there is much to lose, as well as much to gain in this area vital to our nation's well-being.

NEWS BRIEF

Nominate a Colleague for an AFSA Dissent Award by Feb. 28

Time is running out to nominate a colleague for one of AFSA's Constructive Dissent Awards. Let's recognize those who have had the courage to step forward with a valid argument worthy of changing course or policy. The deadline for the 2013 AFSA Dissent Awards is Feb. 28 at 5 p.m. For more information and the nomination form, please go to www.afsa.org/dissent. Nominations must be submitted to Perri Green at green@afsa.org.

RETIREE VP VOICE | BY MEG GILROY

Views and opinions expressed in this column are solely those of the AFSA Retiree VP.

To Blog or Not to Blog?

I don't tweet. I don't blog. I don't have a personal Web page. My Facebook activity is limited to reading posts by family and friends. What's wrong with that?

Nothing, since I want to keep a low online profile.

Everything, since as a member of AFSA's Governing Board, I want to do as much as I can to raise the profile of AFSA and increase public awareness of the role of the Foreign Service.

One of the best, easiest and most cost effective ways to promote AFSA, protect the hard won benefits that we retirees enjoy, and support our colleagues who are still on active duty, is to use social media to reach out beyond our circle of friends and family (who probably already know and support the Foreign Service).

Some AFSA members include a shout-out for the Foreign Service in the annual holiday newsletter that falls out of their card.

Others write letters to the editor or the occasional column for local print media, or serve as an expert commentator for a local TV or radio station.

Some AFSA members maintain an active online presence through blogs, Web sites and their Facebook page (for those members who are already e-active, please skip to the last paragraph; for those members who are not, please consider reading the next three paragraphs).

What exactly is social media? Basically, it is using technology to exchange ideas with other people who are using the same technology. Kind of like a virtual town square or coffee shop (without the aroma or the calories), where you can chat and exchange information with others who may be six times zones away.

The main costs are the initial investment in a computer (or laptop or netbook), a tablet (like iPad) or a smart phone, and however much time you want to spend creating content to post and reading other people's posts.

No fee is required to sign up for social media sites such as Facebook or Twitter (not an endorsement of either site, just using them as an example).

What if you don't want to spend your time "creating content?" No problem. Most social media sites make it incredibly easy for non-tech people to link from the user's page to another page that might be information-rich.

In a few easy steps, you can make your page a gateway to www.afsa.org, which has excellent information on what the Foreign Service is and why it's important.

You can also link to AFSA's other online presences on Facebook (www.facebook.com/afsapage), Twitter (www.twitter.com/afsatweets) and YouTube (www.youtube.com/afsatube).

Whether you choose to promote AFSA virtually or actually, thank you for your support of AFSA and the Foreign Service.

Kind of like a virtual town square or coffee shop (without the aroma or the calories), where you can chat and exchange information with others who may be six times zones away.

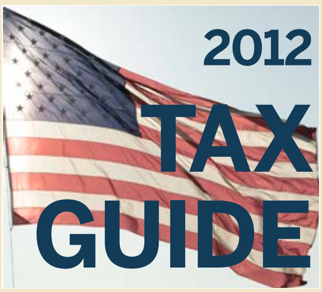
NEWS BRIEF

AFSA Welcomes New Interns

Our spring semester interns have arrived, and are already hard at work on behalf of our members. We want to take this opportunity to formally welcome them to AFSA.

Jennifer Lowry is the Communications, Marketing and Outreach Intern. She is a senior communications major at the University of California, Santa Barbara, and has just recently returned from a semester abroad in Italy. The new *Foreign Service Journal* Editorial Intern is Jeff Richards, a senior international affairs major at The George Washington University's Elliott School. Our new Advertising Intern is Andreas Dorner, who hails from Germany and is a student at the HAN University of Applied Sciences in Arnhem, Netherlands. Catherine Fernandez, our new Scholarships Intern. She comes from Miami and attends Florida International University, majoring in religious studies. Finally, our Executive Office intern is Lucas Rogers, a freshman international affairs major at The George Washington University's Elliott School.

We thank our departing group of interns—Jonathan Yuan, Emily Hawley and Edward Hardrianto Kurniawan—and wish them the best in their future endeavors.



Continued from page 37

for married couples, $35,351 for singles. The 25-percent rate is for income up to $142,701 for married couples, $85,651 for singles. The 28-percent rate is for income up to $217,451 for married couples and up to $178,651 for singles. The 33-percent rate is for income up to $388,351 for married couples and singles. Annual income above $388,351 is taxed at 35 percent. Long-term capital gains are taxed at a maximum rate of 15 percent and are reported on Schedule D. This rate is effective for all sales in 2012, except for those people who fall within the 10- or 15-percent tax bracket: their rate is either 0 or 5 percent. Long-term capital gain is defined as gain from the sale of property held for 12 months or longer.

Personal Exemption

For each taxpayer, spouse and dependent the personal exemption is $3,800. There is no personal exemption phase-out for 2012.

Foreign Earned Income Exclusion

Many Foreign Service spouses and dependents work in the private sector overseas and, thus, are eligible for the Foreign Earned Income Exclusion.

American citizens and residents living and working overseas are eligible for the income exclusion, unless they are employees of the United States government. The first $95,100 earned overseas as an employee or as self-employed may be exempt from income taxes

To receive the exemption, the taxpayer must meet one of two tests: 1) the Physical Presence Test, which requires that the taxpayer be present in a foreign country for at least 330 full (midnight to midnight) days during any 12-month period (the period may be different from the tax year); or 2) the Bona Fide Residence Test, which requires that the taxpayer has been a bona fide resident of a foreign country for an uninterrupted period that includes an entire tax year.

Most Foreign Service spouses and dependents qualify under the bona fide residence test, but they must wait until they have been overseas for a full calendar year before claiming it. Keep in mind that self-employed taxpayers must still pay self-employment (Social Security and Medicare) tax on their foreign-earned income. Only the income tax is excluded.

Note: The method for calculating the tax on non-excluded income in tax returns that include both excluded and non-excluded income was changed, beginning in 2006, so as to result in higher tax on the non-excluded portion. (See the box below for a full explanation.)

Extension for Taxpayers Abroad

Taxpayers whose tax home is outside the U.S. on April 15 are entitled to an automatic extension until June 15 to file their returns. When filing the return, these taxpayers should write "Taxpayer Abroad" at the top of the first page and attach a statement of explanation. There are no late filing or late payment penalties for returns filed and taxes paid by June 15, but the IRS does charge interest on any amount owed from April 15 until the date it receives payment.

Standard Deduction

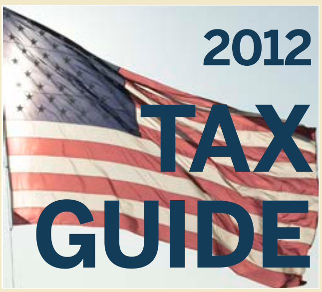
The standard deduction is

IMPORTANT NOTE: FOREIGN EARNED INCOME

The Foreign Earned Income Exclusion allows U.S. citizens who are not United States government employees and are living outside the U.S. to exclude up to $95,100 of their 2012 foreign-source income if they meet certain requirements. Beginning in 2006, the IRS changed how the excluded amount must be calculated. This affects the tax liability for couples with one member employed on the local economy overseas. Previously, you subtracted your excluded income from your total income and paid tax on the remainder. The change now requires that you take your total income and figure what your tax would be, then deduct the tax that you would have paid on the excludable income.

For example: a Foreign Service employee earns $80,000 and their teacher spouse earns $30,000.

Before 2006: Tax on $110,000 minus $30,000 = tax on $80,000 = tax bill of $13,121.
Since 2006: Tax on $110,000 = $20,615; tax on $30,000 = $3,749; total tax = $20,615 minus $3,749 = tax bill of $16,866.



given to non-itemizers. For couples, the deduction is now $11,900, and for singles, $5,950. Married couples filing separately get a standard deduction of $5,950 each, and head-of-household filers receive an $8,700 deduction. An additional amount is allowed for taxpayers over age 65 and for those who are blind.

Most unreimbursed employee business expenses must be reported as miscellaneous itemized deductions, which are subject to a threshold of 2 percent of Adjusted Gross Income. These include professional dues and subscriptions to publications; employment and educational expenses; home office, legal, accounting, custodial and tax preparation fees; home leave, representational and other employee business expenses; and contributions to AFSA's Legislative Action Fund. Unreimbursed moving expenses are an adjustment to income, which means that you may deduct them even if you are taking the standard deduction. However, the deduction includes only the unreimbursed transportation, storage and travel costs of moving your possessions and yourself and your family to the new location; it does not include meals.

Medical expenses (including health and long-term care insurance, but not health insurance premiums deducted from government salaries) are subject to a threshold of 7.5 percent of Adjusted Gross Income. This means that to be deductible, the medical cost would have to exceed $2,250 for a taxpayer with a $30,000 AGI. There is no reduction of itemized deductions for higher income taxpayers for 2012.

State and local income taxes and real estate and personal property taxes remain fully deductible for itemizers, as are charitable contributions to U.S.-based charities for most taxpayers. Donations to the AFSA Scholarship Fund are fully deductible as charitable contributions, as are donations to AFSA via the Combined Federal Campaign. Individuals may also dispose of any profit from the sale of personal property abroad in this manner.

For 2012 tax returns, any interest paid on auto or personal loans, credit cards, department stores and other personal interest will not be allowed as itemized deductions. If such debts are consolidated, however, and paid with a home equity loan, interest on the home equity loan is allowable. Interest on educational loans will be allowed as an adjustment to gross income. Mortgage interest is still, for the most part, fully deductible. Interest on loans intended to finance investments is deductible up to the amount of net income from investments. Interest on loans intended to finance a business is 100-percent deductible. Passive-investment interest on investments in which the taxpayer is an inactive participant (i.e., a limited partnership) can be deducted only from the income produced by other passive activities. Interest on loans that do not fall into the above categories, such as money borrowed to buy tax exempt securities, is not deductible.

Home Leave Expenses

Employee business expenses, such as home leave and representation, may be listed as miscellaneous itemized deductions and claimed on Form 2106. In addition to the 2-percent floor, only 50 percent for meals and entertainment may be claimed (100 percent for unreimbursed travel and lodging). Only the employee's (not family members') home leave expenses are deductible. AFSA recommends maintaining a travel log and retaining a copy of home leave orders, which will help if the IRS ever questions claimed expenses.

It is important to save receipts: without receipts for food, a taxpayer may deduct only the federal meals-and-incidentals (M&IE) per diem rate at the home leave address, no matter how large the grocery or restaurant bill. Lodging is deductible, as long as it is not with friends or relatives, or in one's own home.

The IRS will disallow use of per diem rates and any expenses claimed for family members. If a hotel bill indicates double rates, the single room rate should be claimed; and, if possible, the hotel's rate sheet should be saved

CHILD CARE TAX CREDIT WHEN OVERSEAS

Bear in mind that in order to claim the Child Care Tax Credit while serving overseas, you must submit IRS Form 2441, for which the instructions say: "For U.S. citizens and resident aliens living abroad, your care provider may not have, and may not be required to get, a U.S. taxpayer identification number (for example, an SSN or EIN). If so, enter "LAFCP" (Living Abroad Foreign Care Provider) in the space for the care provider's taxpayer identification number."

for IRS scrutiny.

Car rental, mileage and other unreimbursed travel expenses, including parking fees and tolls, may be deducted. The rate for business miles driven is 55.5 cents for 2012. Those who use this optional mileage method need not keep detailed records of actual vehicle expenses. They must, however, keep a detailed odometer log to justify the business use of the vehicle and track the percentage of business use. This optional mileage method applies to leased vehicles, as well.

Official Residence Expenses

Since Oct. 1, 1990, employees who receive official residence expenses have not been allowed to reduce their reportable income by 3.5 percent. The IRS ruling regarding ORE states that "usual expenses," defined as 3.5 percent of salary, are not deductible. Therefore the only expenses that are deductible are those above the 3.5 percent paid out of pocket. Employees should save receipts for any out-of-pocket expenses associated with their representational duties. These expenses can be deducted as miscellaneous business expenses.

Home Ownership

Individuals may deduct interest on up to $1 million of acquisition debt for loans secured by a first and/or second home. This also includes loans taken out for major home improvements. On home equity loans, interest is deductible on up to $100,000, no matter how much the home cost, unless the loan is used for home improvements, in which case the $1 million limit applies. The $100,000 ceiling applies to the total of all home equity loans you may have.

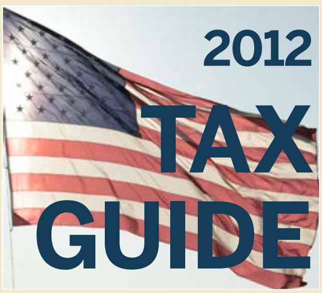
The same generally applies to refinancing a mortgage. Points paid to obtain a refinanced loan cannot be fully deducted the same year, but must be deducted over the life of the loan. It is advisable to save the settlement sheet (HUD-1 Form) for documentation in the event your tax return is selected by the IRS for audit.

Qualified residences are defined as the taxpayer's principal residence and one other residence. The second home can be a house, condo, co-op, mobile home or boat, as long as the structure includes basic living accommodations, including sleeping, bathroom and cooking facilities. If the second home is a vacation property that you rent out for fewer than 15 days during the year, the income need not be reported. Rental expenses cannot be claimed either, but all property taxes and mortgage interest may be deducted.

Rental of Home

Taxpayers who rented out their homes in 2012 can continue to deduct mortgage interest as a rental expense. Also deductible are property management fees, condo fees, depreciation costs, taxes and all other rental expenses. Losses up to $25,000 may be offset against other income, as long as the Modified Adjusted Gross Income does not exceed $100,000 to $150,000 and the taxpayer is actively managing the property.

Note that a taxpayer who retains a property manager does not lose this benefit, as this is still considered active management of the property. All passive losses that cannot be deducted currently are carried forward and deducted in the year the property is sold.



Sale of a Principal Residence

Current tax laws allow an exclusion of up to $500,000 for couples filing jointly and up to $250,000 for single taxpayers on the long-term gain from the sale of their principal residence. One need not purchase another residence to claim this exclusion. All depreciation taken after May 7, 1997, will, however, be recaptured (added to income) at the time of sale, and taxed at 25 percent.

Since January 2009 gain from the sale of a home can no longer be excluded from gross income for periods when it was rented out before you occupied it as a principal residence for the first time. The only qualification for the capital-gains exclusion is that the house sold must have been owned and occupied by the taxpayer as his or her principal residence for at least two of the last five years prior to the date of the sale. For the Foreign Service, the five-year period may be extended by any period during which the taxpayer has been away from the area on a Foreign Service assignment, up to a maximum of 15 years (including the five years). There are some exceptions to the two year occupancy requirement, including a sale due to a "change in place of employment" (this would include foreign transfers). This exclusion is not limited to a once-in-a-lifetime sale, but may be taken once every two years.

When a principal residence is sold, capital gains realized above the exclusion amounts are subject to taxation. This exclusion replaces the earlier tax-law provision that allowed both the deferral of gain and a one-time exclusion of a principal residence sale.

Temporary rental of the home does not disqualify one from claiming the exclusion. The 2003 law requires only that you have occupied the house as your principal residence for the required period (two years out of five, extended). However, the 2009 legislation requires that the **"two years out of five (extended)" cannot start until the date the home is occupied as a principal residence for the first time.**

Under Internal Revenue Code Section 1031, taxpayers whose U.S. home may no longer qualify for the principal residence exclusion may be eligible to replace the property through a "tax-free exchange" (the so-called Starker Exchange). In essence, one property being rented out may be exchanged for another, as long as that one is also rented. In exchanging the properties, capital gains tax may be deferred. Technically, a simultaneous trade of investments occurs. Actually, owners first sign a contract with an intermediary to sell their property, hold the cash proceeds in escrow, identify in writing within 45 days the property they intend to acquire, and settle on the new property within 180 days, using the money held in escrow as part of the payment.

It is important to emphasize that the exchange is from one investment property to another investment property—the key factor in the IRS evaluation of an exchange transaction is the intent of the investor at the time the exchange was consummated. The IRS rules for these exchanges are complex and specific, with a number of pitfalls that can nullify the transaction. An exchange should never be attempted without assistance from a tax lawyer specializing in this field.

Calculating Your Adjusted Basis

Many Foreign Service employees ask what items can be added to the cost basis of their homes when they are ready to sell. Money spent on fixing up the home for sale may be added to the basis. To qualify as legitimate fixing-up costs, the following conditions must be met: 1) the expenses must be for work performed during the 90-day period ending on the day on which the contract to sell the old residence was signed; 2) the expenses must be paid on or before the 30th day after sale of the house; and 3) the expenses must not be capital expenditures for permanent improvements or replacements (these can be added to the basis of the property, the original purchase price, thereby reducing the amount of profit). A new roof and kitchen counters are not "fix-up" items, but painting the house, cleaning up the garden and making minor repairs qualify.

State Tax Provisions

Most Foreign Service employees have questions about their liability to pay state income taxes during periods when they are posted overseas or assigned to Washington.

Members of the Foreign Service are not treated as domiciled in their countries of assignment abroad. Every active-duty Foreign Service employee serving abroad must maintain a state of domicile in the United States, and the tax liability that the employee faces varies greatly from state to state. In addition, there are numerous regulations concerning the taxability of Foreign Service pensions and annuities that vary by state.

The "State Overviews" (see p. 46) briefly review the laws regarding income tax and tax on annuities and pensions as they affect Foreign Service personnel by state. Please note that while AFSA makes every attempt to provide the most up-to-date information, readers with specific questions should consult a tax expert in the state in question at the addresses given. We also encourage readers to visit the state's tax Web site (also listed).

There are many criteria used in determining which state is a citizen's domicile. One of the strongest determinants is prolonged physical presence, a standard that Foreign Service personnel frequently cannot meet due to overseas service. In such cases, the states will make a determination of the individual's income-tax status based on other factors, including where the individual has family ties, where he or she has been filing resident tax returns, where he or she is registered to vote or has a driver's license, where he or she owns property, or where the person has bank accounts or other financial holdings.

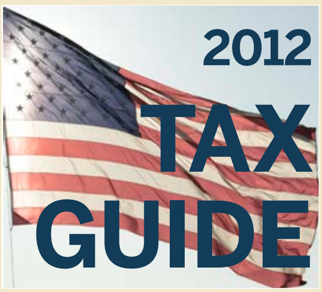
In the case of Foreign Service employees, the domicile might be the state from which the person joined the Service, where his or her home leave address is, or where he or she intends to return upon separation. For purposes of this article, the term "domicile" refers to legal residence; some states also define it as permanent residence. Residence refers to physical presence in the state. Foreign Service personnel must continue to pay taxes to the state of domicile (or to the District of Columbia) while residing outside of the state, including during assignments abroad, unless the state of residence does not require it.

Members are encouraged to review the Overseas Briefing Center's guide to Residence and Domicile, available on AFSA's Web site at www.afsa.org/MemberServices/MemberGuidance/ResidenceandDomicile.aspx.

A non-resident, according to most states' definitions, is an individual who earns income sourced within the specific state but does not live there or is living there for only part of the year (usually fewer than six months). Individuals are generally considered residents, and are thus fully liable for taxes, if they are domiciled in the state or if they are living in the state (usually at least six months of the year) but are not domiciled there.

Foreign Service employees residing in the metropolitan Washington, D.C., area are required to pay income tax to the District of Columbia, Maryland or Virginia, in addition to paying tax to the state of their domicile. Most states allow a credit, however, so that the taxpayer pays the higher tax rate of the two states, with each state receiving a share. There are currently seven states with no state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. In addition, New Hampshire and Tennessee have no tax on personal income but do tax profits from the sale of bonds and property.

There are 10 states that, under certain conditions, do not tax income earned while the taxpayer is outside the state: California, Connecticut, Idaho, Minnesota, Missouri, New Jersey, New York, Oregon, Pennsylvania (but see entry for Penn, below) and West Virginia. The requirements for all except California, Idaho, Minnesota and Oregon are that the individual not have a permanent



"place of abode" in the state, have a permanent "place of abode" outside the state, and not be physically present for more than 30 days during the tax year. California allows up to 45 days in the state during a tax year.

All these 10 states require the filing of non-resident returns for all income earned from in-state sources.

Foreign Service employees should also keep in mind that states could challenge the status of government housing in the future.

The following list gives a state-by-state state overview of the latest information available on tax liability, with addresses provided to get further information or tax forms. Tax rates are provided where possible. For further information, please contact AFSA's Labor Management Office or the individual state tax authorities. As always, members are advised to double-check with their state's tax authorities.
To assist you in connecting with your state tax office, we provide the Web site address for each in the state-by-state guide, and an e-mail address or link where available. Some states do not offer e-mail customer service. The Federation of Tax Administrators' Web site, www.taxadmin.org, also provides much useful information on individual state income taxes.

STATE OVERVIEWS

ALABAMA

Individuals domiciled in Alabama are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Alabama's individual income tax rates range from 2 percent on taxable income over $500 for single taxpayers ($1,000 for married filing jointly), to 5 percent over $3,000 for single taxpayers ($6,000 for married filing jointly.) Write: Alabama Department of Revenue, 50 N. Ripley,Montgomery AL 36132.
Phone: (334) 242-1512.
E-mail: Link through the Web site, "About Us" then "Contacts," then "Income Tax"
Web site: www.ador.state.al.us

ALASKA

Alaska does not tax individual income or intangible or personal property. It has no state sales and use, franchise or fiduciary tax. Some municipalities levy sales, property and use taxes. Write: State Office Building, 333 West Willoughby Ave., 11th Floor, P.O. Box 110420, Juneau AK 99811-0420.
Phone: (907) 465-2320.
Web site: www.tax.state.ak.us

ARIZONA

Individuals domiciled in Arizona are considered residents and are taxed on any income that is included in the Federal Adjusted Gross Income, regardless of their physical presence in the state. Arizona's tax rate ranges in five brackets from a minimum of 2.59 percent to a maximum of 4.54 percent of taxable income over $300,000 for married filing jointly or $150,000 for single filers. Write: Arizona Department of Revenue, Taxpayer Information & Assistance, P.O. Box 29086, Phoenix AZ 85038-9086.
Phone: (602) 255-3381.
E-mail: For general questions: taxpayerassistance@azdor.gov
Web site: www.azdor.gov

ARKANSAS

Individuals domiciled in Arkansas are considered residents and are taxed on their entire income regardless of their physical presence in the state. The Arkansas tax rate ranges in six brackets from a minimum of 1 percent to a maximum of 7 percent of net taxable income over $33,199. Write: Department of Finance and Administration, Income Tax Section, P.O. Box 3628, Little Rock AR 72203-3628.
Phone: (501) 682-1100.
E-mail: Individual.Income@dfa.arkansas.gov
Web site: www.arkansas.gov/dfa/

CALIFORNIA

Foreign Service employees domiciled in California must establish non-residency to avoid liability for California taxes (see FTB Publication 1031). However, a "safe harbor" provision allows anyone who is domiciled in state but is out of the state on an employment-related contract for at least 546 consecutive days to be considered a non-resident. This applies to most FS employees and their spouses, but members domiciled in California are advised to study FTB Publication 1031 for exceptions and exemptions. The California tax rate ranges in six brackets from 1 percent of taxable income to a maximum of $4,309.66 plus 9.3 percent of the excess over $97,844 for married filing jointly or over $48,942 for singles. Non-resident domiciliaries are advised to file on Form 540NR.
Write: Personal Income Taxes, Franchise Tax Board, P.O. Box 1468, Sacramento CA 95812-1468.
Phone: toll-free 1 (800) 852-5711 (inside the U.S.); (916)

845-6500 (outside the U.S.).
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.ftb.ca.gov

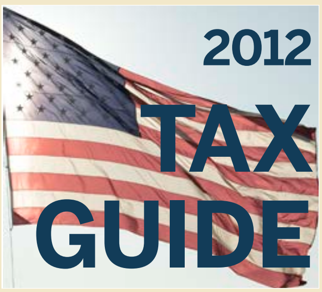
COLORADO

Individuals domiciled in Colorado are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Colorado's tax rate is a flat 4.63 percent of federal taxable income plus or minus allowable modifications.

Write: Department of Revenue, Taxpayer Service Division, State Capitol Annex, 1375 Sherman St., Denver CO 80261-0005.
Phone: (303) 238-7378.
E-mail: Link through "Contact Us" tab on "Taxes" page, then click on "E-Mail and Telephone" for subject matter options.
Web site: www.colorado.gov/revenue

CONNECTICUT

Connecticut domiciliaries may qualify for non-resident tax treatment under either of two exceptions as follows: Group A—the domiciliary 1) did not maintain a permanent place of abode inside Connecticut for the entire tax year; and 2) maintains a permanent place of abode outside the state for the entire tax year; and 3) spends not more than 30 days in the aggregate in the state during the tax year. Group B—the domiciliary 1) In any period of 548 consecutive days, is present in a foreign country for at least 450 days; and 2) during the 548-day period, is not present in Connecticut for more than 90 days; and 3) does not maintain a permanent place of abode in the state at which the domiciliary's spouse or minor children are present for more than 90 days. Connecticut's tax rate for married filing jointly rises from 3 percent on the first $20,000, in 6 steps to 6.7 percent of the excess over $500,000. For



singles it is 3% on the first $10,000, rising in 6 steps to 6.7 percent of the excess over $250,000.
Write: Department of Revenue Services, Taxpayer Services Division, 25 Sigourney St., Suite 2, Hartford CT 06106-5032.
Phone: (860) 297-5962.
E-mail: drs@po.state.ct.us
Web site: www.ct.gov/drs

DELAWARE

Individuals domiciled in Delaware are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Delaware's graduated tax rate rises in six steps from 2.2 percent of taxable income under $5,000 to 6.75 percent of taxable income over $60,000.
Write: Division of Revenue, Taxpayers Assistance Section, State Office Building, 820 N. French St., Wilmington DE 19801.
Phone (302) 577-8200.
E-mail: personaltax@state.de.us
Web site: www.revenue.delaware.gov/

DISTRICT OF COLUMBIA

Individuals domiciled in the District of Columbia are considered residents and are subject to tax on their entire income regardless of their physical presence there. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the District for 183 days or more. The District's tax rate is 4 percent if income is less than $10,000; $400 plus 6 percent of excess over $10,000 if between $10,000 and $40,000; $2,200 plus 8.5 percent of excess over $40,000; and $29,945 + 8.95 percent of any excess above $350,000 Write: Office of Tax and Revenue, Customer Service Center, 1101 4th St. SW, Suite W270, Washington DC 20024.
Phone: (202) 727-4TAX (4829)
Email: taxhelp@dc.gov
Web site: http://cfo.washingtondc.gov/cfo/site/default.asp

FLORIDA

Florida does not impose personal income, inheritance or gift taxes. Since 2007, individuals, married couples, personal representatives of estates, and businesses are no longer required to file an annual intangible personal property tax return reporting their stocks, bonds, mutual funds, money market funds, shares of business trusts and unsecured notes. Write: Taxpayer Services, Florida Department of Revenue, 5050 W. Tennessee St., Bldg. L, Tallahassee FL 32399-0100.
Phone: toll-free 1 (800) 352-3671, or (850) 488-6800.
E-mail: Link through Web site. Go to "Taxes," then "Tax Information," then "Questions?"
Web site: http://dor.myflorida.com/dor/

GEORGIA

Individuals domiciled in Georgia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Georgia has a graduated tax rate rising in six steps to a maximum of 6 percent of taxable income of $10,000 and above for joint married filers and $7,000 for single filers.
Write: Georgia Department of Revenue, Taxpayer Services Division, 1800 Century Blvd. NE, Atlanta GA 30345-3205.
Phone: (404) 417-2400.
E-mail for questions: taxpayer.services@dor.ga.gov
Web site: https://etax.dor.ga.gov/

HAWAII

Individuals domiciled in Hawaii are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Hawaii's tax rate rises in 12 steps from 1.4 percent on income below $2,400 for single filers ($4,800 for joint filers) to a maximum of 11 percent for income above $200,000 for single filers ($400,000 for joint filers.)
Write: Oahu District Office, Taxpayer Services Branch, P.O. Box 259, Honolulu HI 96809-0259.
Phone: toll-free 1 (800) 222-3229, or (808) 587-4242.
E-mail: Taxpayer.Services@hawaii.gov
Web site: www.state.hi.us/tax

IDAHO

Individuals domiciled in Idaho for an entire tax year are considered residents and are subject to tax on their entire income. However, you are considered a non-resident if: 1) you are an Idaho resident who lived outside of Idaho for at least 445 days in a 15-month period; and 2) after satisfying the 15-month period, you spent fewer than 60 days in Idaho during the year; and 3) you did not have a personal residence in Idaho for yourself or your family during any part of the calendar year; and 4) you did not claim Idaho as your federal tax home for deducting away-from home expenses on your federal return; and 5) you were not employed on the staff of a U.S. senator; and 6) you did not hold an elective or appointive office of the U.S. government

other than the armed forces or a career appointment in the U.S. Foreign Service (see Idaho Code Sections 63-3013 and 63-3030). In 2012 Idaho's tax rate rises in eight steps from a minimum of 1.6 percent to a maximum 7.4 percent on the amount of Idaho taxable income over $10,350 for singles and $20,700 for married filers. A non-resident must file an Idaho income tax return if his or her gross income from Idaho sources is $2,500 or more.
Write: Idaho State Tax Commission, P.O. Box 36, Boise ID 83722-0410.
Phone: (208) 334-7660 or toll-free 1 (800) 972-7660.
E-mail: taxrep@tax.idaho.gov
Web site: www.tax.idaho.gov

ILLINOIS

Individuals domiciled in Illinois are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. It appears that under some circumstances, however, domiciliaries absent from the state throughout the year may not be subject to tax, so they should check with the Illinois Department of Revenue in advance. The Illinois tax rate is a flat 5 percent of Illinois taxable income for 2012.
Write: Illinois Department of Revenue, P.O. Box 19001, Springfield IL 62794-9001.
Phone: toll-free 1 (800) 732-8866, or (217) 782-3336.
E-mail: Link through "Contact Us," then "Taxpayer Answer Center."
Web site: www.revenue.state.il.us

INDIANA

Individuals domiciled in Indiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Indiana's tax rate is a flat 3.4 percent of Federal Adjusted Gross Income. Some counties also charge a county income tax.
Write: Indiana Department of Revenue, Individual Income Tax, P.O. Box 7207, Indianapolis IN 46207-7207.
Phone: (317) 232-2240.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.in.gov/dor

IOWA

Individuals domiciled in Iowa are considered residents and are subject to tax on their entire income to the extent that income is taxable on the person's federal income tax returns. Iowa's 2012 tax rate rises in nine steps from 0.36 percent to a maximum 8.98 percent of taxable income over $66,105, depending on income and filing status.
Write: Taxpayer Services, Iowa Department of Revenue, P.O. Box 10457, Des Moines IA 50306-0457.
Phone: (515) 281-3114.
E-mail: idr@iowa.gov
Web site: www.iowa.gov/tax

KANSAS

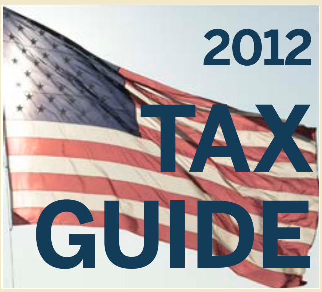
Individuals domiciled in Kansas are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The Kansas tax rate rises from a minimum of 3.5 percent on Kansas taxable income under $15,000 to a maximum of $2,925 plus 6.45 percent of excess over $60,000 for joint filers, or $1,462.50 plus 6.45 percent of excess over $30,000 for single filers.
Write: Kansas Taxpayer Assistance Center, Room 150, 915 SW Harrison, Topeka KS 66612.
Phone: (785) 368-8222.
E-mail: tac@kdor.ks.gov
Web site: www.ksrevenue.org

KENTUCKY

Individuals domiciled in Kentucky are considered residents and are subject to

LIFE IN THE FOREIGN SERVICE

Ah! You missed a great loophole on your Schedule C!



tax on their entire income regardless of their physical presence in the state. Kentucky's tax rate ranges from 2 percent on the first $3,000 of taxable income to $4,166 plus 6 percent on all taxable income over $75,000.
Write: Kentucky Department of Revenue, Frankfort, KY 40602.
Phone: (502) 564-4581.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.revenue.ky.gov

LOUISIANA

Individuals domiciled in Louisiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Louisiana's tax rate for rises from 2 percent for the first $12,500 for single filers or $25,000 for joint filers, in three steps to 6 percent for over $50,000 for single filers or $100,000 for joint filers.
Write: Taxpayer Services Division, Individual Income Tax Section, Louisiana Department of Revenue, P.O. Box 201, Baton Rouge LA 70821-0201.
Phone: (225) 219-0102.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.revenue.louisiana.gov

MAINE

Individuals domiciled in Maine are considered residents and are subject to tax on their entire income. Since Jan. 1, 2007, however, there have been "safe harbor" provisions. Under the General Safe Harbor provision, Maine domiciliaries are treated as non-residents if they satisfy all three of the following conditions: 1) they did not maintain a permanent place of abode in Maine for the entire taxable year; 2) they maintained a permanent place of abode outside Maine for the entire taxable year; and 3) they spent no more than 30 days in the aggregate in Maine during the taxable year. Under the Foreign Safe Harbor provision, Maine domiciliaries are treated as non-residents if they are present in a foreign country for 450 days in a 548-day period and do not spend more than 90 days in Maine during that period. Maine's tax rate in 2012 rises in four bands from a minimum of 2 percent to a maximum of $1,023 plus 8.5 percent of Maine taxable income over $20,350 for single filers or $2,045 plus 8.5 percent over $40,700 for married filing jointly.
Write: Maine Revenue Services, Income Tax Assistance, PO Box 9107, Augusta, ME 04332-9107.
Phone: (207) 626-8475.
E-mail: income.tax@maine.gov
Web site: www.maine.gov/revenue

MARYLAND

Individuals domiciled in Maryland are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the state for an aggregated total of 183 days or more. Maryland's tax rate is $90 plus 4.75 percent of taxable income over $3,000 up to $100,000 if filing singly and $150,000 if filing jointly; it then rises in 4 steps to to $12,760 plus 5.75 percent of the excess of taxable income over $250,000 for singles or $15,072 plus 5.75 of the excess over $300,000 for married filers. In addition, Baltimore City and the 23 Maryland counties impose a local income tax, which is a percentage of the Maryland taxable income, using Line 31 of Form 502 or Line 9 of Form 503. The local factor varies from1.25 percent in Worcester County to 3.2 percent in Baltimore City, and in Montgomery, Prince George's and Howard counties (see Web site for details for all counties).
Write: Comptroller of Maryland, Revenue Administration Center, Taxpayer Service Section, Annapolis, MD 21411.
Phone: toll-free 1 (800)MD-TAXES (1-800-638-2937), or (410) 260-7980.
E-mail: taxhelp@comp.state.md.us
Web site: www.marylandtaxes.com

MASSACHUSETTS

Individuals domiciled In Massachusetts are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Salaries and most interest and dividend income are taxed at a flat rate of 5.25 percent. Some income (e.g., short-term capital gains) is taxed at 12 percent.
Write: Massachusetts Department of Revenue, Taxpayer Services Division, P.O. Box 7010, Boston, MA 02204.
Phone: (617) 887-6367.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.dor.state.ma.us

MICHIGAN

Individuals domiciled in Michigan are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Michigan's annualized tax rate for 2012 is 4.33 percent. For tax year 2013 it will be

4.25 percent. Some Michigan cities impose an additional 1- or 2-percent income tax. Detroit imposes an additional 2.5-percent tax.
Write: Michigan Department of Treasury, Lansing, MI 48922.
Phone: toll-free (517) 373-3200.
E-mail: treasIndTax@michigan.gov
Web site: www.michigan.gov/treasury

MINNESOTA

Individuals domiciled in Minnesota are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Minnesota's tax rate in 2012 is 5.35 percent on taxable income over $23,670 for singles or $34,590 for married joint filers, rising in three steps to a maximum of 7.85 percent on taxable income over $77,731 for single filers or $137,431 for married filing jointly.
Write: Minnesota Department of Revenue, Mail Station 5510, Saint Paul, MN 55146-5510.
Phone: (651) 296-3781.
E-mail: Use the "Contact Us" tab on the website
Web site: www.taxes.state.mn.us

MISSISSIPPI

Individuals domiciled in Mississippi are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Mississippi's tax rate is 3 percent on the first $5,000 of taxable income, 4 percent on the next $5,000 and 5 percent on taxable income over $10,000 for all taxpayers, whether filing singly or jointly.
Write: Department of Revenue, P.O. Box 1033, Jackson, MS 39215-1033.
Phone: (601) 923-7000.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.dor.ms.gov

MISSOURI

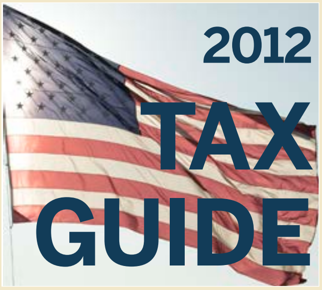
An individual domiciled in Missouri is considered a non-resident, and is not liable for tax on Missouri income if the individual has no permanent residence in Missouri, has a permanent residence elsewhere and is not physically present in the state for more than 30 days during the tax year. Missouri calculates tax on a graduated scale up to $9,000 of taxable income. Any taxable income over $9,000 is taxed at a rate of $315 plus 6 percent of the excess over $9,000.
Write: Individual Income Tax, P.O. Box 2200, Jefferson City, MO 65105-2200.
Phone: (573) 751-3505.
E-mail: income@dor.mo.gov
Web site: www.dor.mo.gov

MONTANA

Individuals domiciled in Montana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Montana's tax rate for 2012 rises in six steps from 1 percent of taxable income under $2,700 rising in 7 steps to a maximum of 6.9 percent of taxable income over $16,400. See the Web site for various deductions and exemptions.
Write: Montana Department of Revenue, P.O. Box 5805, Helena, MT 59604.
Phone: (406) 444-6900.
E-mail: Link through the Web site's "Contact Us" tab at the bottom of the page.
Web site: http://revenue.mt.gov/default.mcpx

NEBRASKA

Individuals domiciled in Nebraska are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The 2012 individual income tax rates range in four steps from a minimum of 2.56 percent to a maximum of 6.84 percent of the excess over $27,000



for singles, and $54,000 for joint filers. If AGI is over $173,650 (both single and joint filers), an additional tax rate of between 0.428 and 0.172 percent is imposed.
Write: Department of Revenue, 301 Centennial Mall South, P.O. Box 94818, Lincoln, NE 68509-4818.
Phone: (402) 471-5729.
E-mail: Link through the Web site "Contact Us" page.
Web site: www.revenue.state.ne.us

NEVADA

Nevada does not tax personal income. There is a sales-and-use tax that varies from 6.85 percent to 8.1 percent depending on local jurisdiction. Additional ad valorem personal and real property taxes are also levied.
Write: Nevada Department of Taxation, 1550 College Pkwy., Suite 115, Carson City, NV 89706.
Phone: (775) 684-2000.
Web site: www.tax.state.nv.us

NEW HAMPSHIRE

The state imposes no personal income tax on earned income and no general sales tax. The state does levy, among other taxes, a 5-percent tax on interest and dividend income of more than $2,400 annually for single filers ($4,800 annually for joint filers) and an 8.5-percent tax on business profits, including sale of rental property. The inheritance tax was repealed in 2003. Applicable taxes apply to part-year residents.
Write: Central Taxpayer Services, 109 Pleasant St., Concord, NH 03301.
Phone: (603) 230-5920.
Web site: www.nh.gov/revenue

NEW JERSEY

A New Jersey domiciliary is considered a non-resident for New Jersey tax purposes if the individual has no permanent residence in New Jersey, has a permanent residence elsewhere and is not physically in the state for more than 30 days during the tax year. Filing a return is not required (unless the non-resident has New Jersey-source income), but it is recommended in order to preserve domicile status. Filing is required on Form 1040-NR for revenue derived from in-state sources. Tax liability is calculated as a variable lump sum plus a percentage from a minimum of 1.4 percent of taxable gross income up to $20,000, in three steps to 6.37 percent between $75,000 and $500,000, and a maximum of 8.97 percent on taxable gross income over $500,000.
Write: State of New Jersey, New Jersey Division of Taxation, Technical Information Branch, P.O. Box 281, Trenton, NJ 08695-0281.
Phone: (609) 292-6400.
E-mail: Link through the Web site's "Contact Us" page.
Web site: www.state.nj.us/treasury/taxation

NEW MEXICO

Individuals domiciled in New Mexico are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The basis for New Mexico's calculation is the Federal Adjusted Gross Income figure. Rates rise from a minimum of 1.7 percent in four steps to a maximum of 5.3 percent on New Mexico taxable income over $16,000 for single filers and $24,000 for married filing jointly. Write: New Mexico Taxation and Revenue Department, Tax Information and Policy Office, P.O. Box 25122 Santa Fe, NM 87504-5122
Phone: (505) 827-0700.
E-mail: Link through "E-mail Us" tab at bottom of home page.
Web site: www.tax.state.nm.us/

NEW YORK

There is no tax liability for out-of-state income if the individual has no permanent residence in New York, has a permanent residence elsewhere and is not present in the state more than 30 days during the tax year. Filing a return is not required, but it is recommended to preserve domicile status. The tax rate rises in six steps from a minimum of 4 percent to 5.9 percent of taxable income over $20,000 for single filers and $40,000 for married filing jointly, 6.45 percent on taxable income over $75,000 (singles) and $150,000 (joint filers). and 6.65 per cent on taxable income over $200,000 (singles) or $300,000 (joint filers), over $1,000,000 (singles) and over $2,000,000 (joint filers) will be taxed at 8.82 percent. In New York City the maximum rate is 3.648 percent over $90,000 and 3.876 percent over $500,000. Filing is required on Form IT-203 for revenue derived from New York sources.

A 2001 opinion from the New York tax authorities stated that Foreign Service employees not domiciled in New York state but assigned to the U.S. United Nations office for a normal tour of duty would not be considered to be maintaining a permanent place of abode in New York state. Therefore, such individuals are not treated as resident individuals and are taxed as non-residents in New York state. AFSA can provide a copy of this opinion.
Write: New York State Department of Taxation and

Finance, Personal Income Tax Information, W.A. Harriman Campus, Albany, NY 12227.
Phone: (518) 457-5181.
E-Mail: Link through Web site's "Answer Center" tab.
Web site: http://www.tax.ny.gov/

NORTH CAROLINA

Individuals domiciled in North Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. North Carolina's tax rate rises in three steps from 6 percent of taxable income up to $12,750 for single or $21,250 for joint filers, to 7.75 percent of North Carolina taxable income over $60,000 for single filers and over $100,000 for joint filers. Residents must also report and pay a "use tax" on purchases made outside the state for use in North Carolina. Write: North Carolina Department of Revenue, P.O. Box 25000, Raleigh, North Carolina, 27640-0640.
Phone: toll-free 1 (877) 252-3052. From overseas, call 1 (252) 467-9000.
Web site: www.dor.state.nc.us

NORTH DAKOTA

Individuals domiciled in North Dakota and serving outside the state are considered residents and are subject to tax on their entire income. For 2012 and later tax years, the tax rate ranges in five steps from 1.51 percent on North Dakota taxable income up to $34,500 for singles and $57,700 for joint filers, 3.13 percent over $83,600 for singles and over $139, 350 for joint filers, to a maximum of 3.99 percent on taxable income over $379,150 for singles and joint filers.
Write: Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599.
Phone: (701) 328-1247.
E-mail: individualtax@nd.gov
Web site: www.nd.gov/tax

OHIO

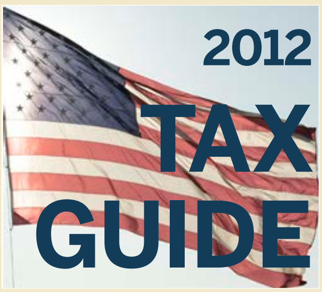
Individuals domiciled in Ohio are considered residents and their income is subject to tax, using the Federal Adjusted Gross Income figure as a starting base. Ohio's tax rate starts at a minimum of 0.587 percent on taxable income under $5,200, rising in eight steps to a maximum of 5.925 percent on taxable income over $208,500 for single and joint filers.
Write: Ohio Department of Taxation, Taxpayer Services Center, P.O. Box 530, Columbus, OH 43216-0530.
Phone: toll-free 1 (800) 282-1780 or (614) 387-0224.
E-mail: Link through Web site's "Contact Us" tab.
Web site: www.tax.ohio.gov

OKLAHOMA

Individuals domiciled in Oklahoma are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Oklahoma's tax rate rises in eight stages to a maximum of 5.5 percent on taxable income over $8,700 for single filers and $15,000 for married filing jointly.
Write: Oklahoma Tax Commission, Income Tax, P.O. Box 26800, Oklahoma City, OK 73126-0800.
Phone: (405) 521-3160.
E-mail: otcmaster@tax.ok.gov
Web site: www.oktax.state.ok.us

OREGON

Individuals domiciled in Oregon are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Under a 1999 law, however, Oregon exempts domiciliaries who meet the foreign residence requirement for the Foreign Earned Income Exclusion, even though they may be federal employees. For 2012, Oregon's tax rate rises on three steps from 5 percent



on taxable income over $3,150 for single filers and over $6,300 for married filing jointly, in three steps to 9.9 percent on taxable income over $125,000 (single filers) and $250,000 (joint filers). Contact the Oregon Department of Revenue for up-to-date information. Oregon has no sales tax.

Write: Oregon Department of Revenue, 955 Center St. NE, Salem, OR 97301-2555.
Phone: (503) 378-4988.
E-mail: questions.dor@state.or.us
Web site: www.oregon.gov/DOR

PENNSYLVANIA

Pennsylvania tax authorities have ruled that Pennsylvania residents in the U.S. Foreign Service are not on federal active duty for state tax purposes, and thus their income is taxable compensation. For non-Foreign Service state residents, there is no tax liability for out-of-state income if the individual has no permanent residence in the state, has a permanent residence elsewhere, and spends no more than 30 days in the state during the tax year. However, Pennsylvania does not consider government quarters overseas to be a "permanent residence elsewhere." Filing a return is not required, but it is recommended to preserve domicile status. File Form PA-40 for all income derived from Pennsylvania sources. Pennsylvania's tax rate is a flat 3.07 percent.
Write: Commonwealth of Pennsylvania, Department of Revenue, Taxpayer Services Department, Harrisburg PA 17128-1061.
Phone: (717) 787-8201.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.revenue.state.pa.us

PUERTO RICO

Individuals who are domiciled in Puerto Rico are considered residents and are subject to tax on their entire income regardless of their physical presence in the commonwealth. Normally, they may claim a credit with certain limitations for income taxes paid to the United States on income from sources outside Puerto Rico, and for any federal taxes paid. Taxes range from 7 percent of taxable income up to $22,000 to 33 percent of the taxable income over $60,000 for all taxpayers.
Write: Departamento de Hacienda, P.O. Box 9024140, San Juan, PR 00902-4140.
Phone: (787) 727-0216.
E-mail: infoserv@hacienda.gobierno.pr
Web site: www.hacienda.gobierno.pr

RHODE ISLAND

Individuals domiciled in Rhode Island are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The Rhode Island tax rate is 3.75 percent of taxable income up to $57,150 for all filers, 4.75 percent for income over $57,150, and 5.99 percent of taxable income over $129,900 for all filers. Also, a 2010 change treats capital gains as ordinary taxable income. Refer to the tax division's Web site for current information and handy filing hints, as well as for forms and regulations.
Write: Rhode Island Division of Taxation, Taxpayer Assistance Section, One Capitol Hill, Providence, RI 02908-5801.
Phone (401) 574-8829.
E-mail: txassist@tax.state.ri.us
Web site: www.tax.state.ri.us

SOUTH CAROLINA

Individuals domiciled in South Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. South Carolina imposes a graduated tax rising in six steps from 3 percent on the first $5,600 of South Carolina taxable income to a maximum of 7 percent of taxable income over $14,000.
Write: South Carolina Tax Commission, 301 Gervais St., P.O. Box 125, Columbia, SC 29214.
Phone: (803) 898-5709.
E-mail: iitax@sctax.org or through the Contact Us tab.
Web site: www.sctax.org

SOUTH DAKOTA

There is no state income tax and no state inheritance tax. State sales and use tax is 4 percent; municipalities may add up to an additional 2.75 percent.
Write: South Dakota Department of Revenue, 445 E. Capitol Ave., Pierre, SD 57501-3185.
Phone: (605) 773-3311.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.state.sd.us/drr2/revenue.html

TENNESSEE

Salaries and wages are not subject to state income tax, but Tennessee imposes a 6-percent tax on most dividends and interest income of more than $1,250 (single filers) or $2,500 (joint filers) in the tax year.
Write: Tennessee Department of Revenue (Attention: Taxpayer Services), 500 Deaderick St., Nashville, TN 37242.
Phone: (615) 532-6439.
E-mail: TN.Revenue@tn.gov
Web site: www.state.tn.us/revenue

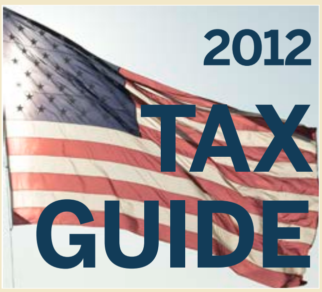
TEXAS
There is no state personal income tax.
Write: Texas Comptroller, P.O. Box 13528, Capitol Station, Austin TX 78711-3528.
Phone Customer Service: toll-free 1 (877) 334-4112.
E-mail: comptroller.help@cpa.state.tx.us
Web site: www.window.state.tx.us

UTAH
Individuals domiciled in Utah are considered residents and are subject to Utah state tax. Utah requires that all Federal Adjusted Gross Income reported on the federal return be reported on the state return regardless of the taxpayer's physical presence in the state. Utah has a flat tax of 5 percent on all income. Some taxpayers will be able to claim either a taxpayer tax credit or a retirement tax credit, or both (see Web site for explanation).
Write: Utah State Tax Commission, Taxpayer Services Division, 210 North 1950 West, Salt Lake City, UT 84134.
Phone: toll-free 1 (800) 662-4335, or (801) 297-2200.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.tax.utah.gov

VERMONT
Individuals domiciled in Vermont are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. The 2012 tax rate ranges from 3.55 percent on taxable income under $35.350 for singles and $59,050 for joint filers to a maximum of 8.95 percent on taxable income over $388,350 for singles and joint filers.
Write: Vermont Department of Taxes, Taxpayer Services Division, 133 State St., Montpelier, VT 05633-1401.
Phone: (802) 828-2865.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.state.vt.us/tax

VIRGINIA
Individuals domiciled in Virginia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Individuals domiciled elsewhere are also considered residents for tax purposes for the portion of any calendar year in which they are physically present in the state for 183 days or more. These individuals should file using Form 760. In addition, Virginia requires non-residents to file Form 763 if their Virginia Adjusted Gross Income (which includes any federal salary paid during time they are residing in Virginia) exceeds $11,950 for single filers and married filing separately, or $23,900 for married filing jointly in tax year 2012 and beyond. Individual tax rates are: 2 percent if taxable income is less than $3,000; $60 plus 3 percent of excess over $3,000 if taxable income is between $3,000 and $5,000; $120 plus 5 percent of excess over $5,000 if taxable income is between $5,000 and $17,000; and $720 plus 5.75 percent if taxable income is over $17,000. In addition, for tax years after 2009, Virginia allows employers of household help to elect, using Form R-1H, to pay state unemployment tax annually instead of quarterly.
Write: Virginia Department of Taxation, Office of Customer Services, P.O. Box 1115, Richmond, VA 23218-1115.
Phone: (804) 367-8031.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.tax.virginia.gov

WASHINGTON
There is no state income tax and no tax on intangibles



such as bank accounts, stocks and bonds. Residents may deduct Washington sales tax on their federal tax returns if they itemize deductions.
Write: Washington State Department of Revenue, Taxpayer Services, P.O. Box 47478, Olympia, WA 98504-7478.
Phone: toll-free 1 (800) 647-7706.
E-mail: Link through the Web site's "Contact Us" tab.
Web site: www.dor.wa.gov

WEST VIRGINIA

There is no tax liability for out-of-state income if the individual has no permanent residence in West Virginia, has a permanent residence elsewhere and spends no more than 30 days of the tax year in West Virginia. However, non-resident domiciliaries are required to file a return on Form IT-140 for all income derived from West Virginia sources. Tax rates rise in four steps from 4 percent of taxable income over $5,000 for single filers and over $10,000 for joint filers, to 6.5 percent of taxable income over $30,000 for single filers over $60,000 for joint filers.
Write: Department of Tax and Revenue, Taxpayer Services Division, P.O. Box 3784, Charleston WV 25337-3784.
Phone: toll-free 1 (800) 982-8297, or (304) 558-3333.
E-mail: TaxWVTaxAid@wv.gov or through the "Contact Us" page on the Web site.
Web site: www.wvtax.gov

WISCONSIN

Individuals domiciled in Wisconsin are considered residents and are subject to tax on their entire income regardless of where the income is earned. Wisconsin's current tax rate ranges from 4.6 percent on income up to $10,570 for single filers or $14,090 for joint filers, rising in four steps to a maximum of 7.75 percent on income over $232,660 for single filers or $310,210 for joint filers.
Write: Wisconsin Department of Revenue, Individual Income Tax Assistance, P.O. Box 8906, Madison, WI 53708-8906.
Phone: (608) 266-2486.
E-mail: income@revenue.wi.gov
Web site: www.dor.state.wi.us

WYOMING

There is no state income tax and no tax on intangibles such as bank accounts, stocks or bonds.
Write: Wyoming Department of Revenue, Herschler Building, 122 West 25th St., Cheyenne, WY 82002-0110.
Phone: (307) 777-7961.
E-mail: DirectorOfRevenue@wy.gov
Web site: http://revenue.state.wy.us

STATE PENSION & ANNUITY TAX

The laws regarding the taxation of Foreign Service annuities vary greatly from state to state. In addition to those states that have no income tax or no tax on personal income, there are several states that do not tax income derived from pensions and annuities. Idaho taxes Foreign Service annuities while exempting certain categories of Civil Service employees. Several Web sites provide more information on individual state taxes for retirees, but the Retirement Living Information Center at www.retirementliving.com/taxes-by-state is one of the more comprehensive.

ALABAMA

Social Security and U.S. government pensions are not taxable. The combined state, county and city general sales and use tax rates range from 7 percent to as much as 12 percent.

ALASKA

No personal income tax. Most municipalities levy sales and/or use taxes of between 2 and 7 percent and/or a property tax.

ARIZONA

Up to $2,500 of U.S. government pension income may be excluded for each taxpayer. There is also a $2,100 exemption for each taxpayer age 65 or over. Arizona does not tax Social Security. Arizona state sales and use tax is 5.6 percent with additions depending on county and/or city.

ARKANSAS

The first $6,000 of income from any retirement plan or IRA is exempt. Social Security is not taxed. There is no estate or inheritance tax. State sales and use tax is 6 percent; city and county taxes may add another 6.5 percent.

CALIFORNIA

Pensions and annuities are fully taxable. Social Security is not taxed. The sales and use tax rate varies from 7.25 percent (the statewide rate) to 10.50 percent in some areas.

COLORADO

Up to $24,000 of pension income is exempt if individual is age 65 or over. Up to $20,000 is exempt if age 55 to 64. State sales tax is 2.9 percent; local additions can increase the total to as much as 9.9 percent.

CONNECTICUT

Pensions and annuities are fully taxable for residents. Social Security is exempt if Federal Adjusted Gross Income is less than $50,000 for singles or $60,000 for joint filers. Statewide sales tax is 6.35 percent. No local additions.

DELAWARE

Pension exclusions per person: $2,000 is exempt under age 60; $12,500 if age 60 or over. There is an additional standard deduction of $2,500 if age 65 or over if you do not itemize. Social Security income is excluded from taxable income. Delaware does not impose a sales tax.

DISTRICT OF COLUMBIA

Pension or annuity exclusion of $3,000 is applicable if 62 years or older. Social Security is excluded from taxable income. Sales and use tax is 6 percent, with higher rates for some commodities.

FLORIDA

There is no personal income, inheritance or gift tax. Florida repealed the "intangibles tax" in 2007. Florida imposes state sales tax and a use tax of 6 percent. Counties impose further taxes from 0.5 to 3.5 percent.

GEORGIA

$35,000 of retirement income is excluded for those who are 62 years or older, or totally disabled. Beginning in tax year 2012, up to $65,000 of retirement income will be excludable for taxpayers that are 65 or older. Social Security is excluded from taxable income. Sales tax is 4 percent statewide, with additions of up to 3 percent depending on jurisdiction.

HAWAII

Pension and annuity distributions from a government pension plan are not taxed in Hawaii. Social Security is not taxed. Hawaii charges a general excise tax of 4 percent instead of sales tax.

IDAHO

If the individual is age 65 or older, or age 62 and disabled, Civil Service Retirement System and Foreign Service Retirement and Disability System pensions only qualify for a deduction in 2012 of up to $27,876 for a single return and up to $41,814 for a joint return. Up to $27,876 may be deducted by the unmarried survivor of the annuitant. The deduction is not available if married filing separately; nor do Federal Employees' Retirement System or Foreign Service Pension System pensions qualify for this deduction. The deduction is reduced dollar for dollar by Social Security benefits. Social Security itself is not taxed. Idaho state sales tax is 6 percent; some local jurisdictions add as much as another 3 percent.

ILLINOIS

Illinois does not tax U.S. government pensions or Social Security. State sales tax is 6.25 percent. Local additions can raise sales tax to 10.5 percent in some jurisdictions.

INDIANA

If the individual is over age 62, the Adjusted Gross Income may be reduced by the first $2,000 of any pension, reduced dollar for dollar by Social Security benefits. There is also a $1,000 exemption if over 65, or $1,500 if Federal Adjusted Gross Income is less than $40,000. There is no pension exclusion for survivor annuitants of federal annuities. Social Security is not taxed in Indiana. Sales tax and use tax in Indiana is 7 percent.

IOWA

Generally taxable. For 2009 and later tax years, however, a married couple with an income for the year of less than $32,000 may file for exemption, if at least one spouse or the head of household is 65 years or older on Dec. 31, and single persons who are 65 years or older on Dec. 31 may file for an exemption if their income is $24,000 or less. Over age 55, there is a pension/retirement income exclusion of up to $6,000 for single, head of household or qualifying widower filers and up to $12,000 for married filing jointly. The same income tax rates apply to annuities as to other incomes. Iowa is phasing out taxation of Social Security benefits, but a portion is still subject to tax in 2012. Statewide sales tax is 6 percent, with no more than 1 percent added in local jurisdictions.

KANSAS

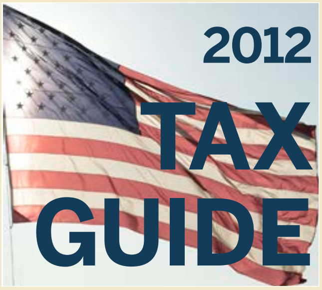
U.S. government pensions are not taxed. Extra deduction of $850 if over 65. Social Security is exempt if Federal Adjusted Gross Income is under $75,000. State sales tax is 6.3 percent, with additions of between 1 and 4 percent depending on jurisdiction.

KENTUCKY

Government pension income is exempt if retired before Jan. 1, 1998. If retired after Dec. 31, 1997, pension/annuity income up to $41,110 remains fully excludable for 2012. Social Security is exempt. Sales and use tax is 6 percent statewide, with no local sales or use taxes.

LOUISIANA

Federal retirement benefits are exempt from Louisiana state income tax. There is an exemption of $6,000 of other annual retirement income received by any person age 65 or over. Married filing jointly may exclude $12,000.



State sales tax is 4 percent with local additions up to a possible total of 10.75 percent. Use tax is 8 percent regardless of the purchaser's location.

MAINE

Recipients of a government sponsored pension or annuity who are filing singly may deduct up to $6,000 ($12,000 for married filing jointly) on income that is included in their Federal Adjusted Gross Income, reduced by all Social Security and railroad benefits. For those age 65 and over, there is an additional standard deduction of $1,400 (single),$1,100 (married filing singly) or $2,200 (married filing jointly). General sales tax is 5 percent.

MARYLAND

Those over 65 or permanently disabled, or who have a spouse who is permanently disabled, may under certain conditions be eligible for Maryland's maximum pension exclusion of $26,100. Also, all individuals 65 years or older are entitled to an extra $1,000 personal exemption in addition to the regular $3,200 personal exemption available to all taxpayers. Social Security is exempt. See the worksheet and instructions in the Maryland Resident Tax Booklet. Maryland sales tax is 6 percent.

MASSACHUSETTS

Distributions made to a retiree from a federal employee contributory plan are excluded from Massachusetts gross income. Social Security is not included in Massachusetts gross income. Each taxpayer over age 65 is allowed an additional $700 exemption on other income. Sales tax is 6.25 percent.

MICHIGAN

For Tax Year 2012, there are changes for those born after 1946, and greater changes for those born after 1952. In 2012, pension benefits included in Adjusted Gross Income from a private pension system or an IRA are deductible, for those born before 1946, to a maximum of $47,309 for a single filer, or $94,618 for joint filers. This maximum is reduced by the deduction taken for the government pension. If born after 1946 and before 1952, the exemption is limited to $20,000 for singles and $40,000 for married filers. If born after 1952, not eligible for the exemption until reaching age 67. Full details at: www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf. Michigan has no city, local, or county sales tax. The state sales tax rate is 6 percent.

MINNESOTA

Social Security income is taxed by Minnesota to the same extent it is on your federal return. If your only income is Social Security, you would not be required to file an income tax return. All federal pensions are taxable, but single taxpayers who are over 65 or disabled may exclude some income if Federal Adjusted Gross Income is under $33,700 and non-taxable Social Security is under $9,600. For a couple, the limits are $42,000 for Adjusted Gross Income and $12,000 for non-taxable Social Security. Statewide sales and use tax is 6.875 percent; some local additions may increase the total to 9.53 per cent.

MISSISSIPPI

Social Security and qualified retirement income from federal, state and private retirement systems are exempt from Mississippi tax. There is an additional exemption of $1,500 on other income if over 65. Statewide sales tax is 7 percent.

MISSOURI

In 2012, 100 percent of public pension income may be deducted if Missouri Adjusted Gross Income is less than $100,000 when married filing jointly or $85,000 for single filers, up to a limit of $33,703 for each spouse. In 2012 you may also deduct 100 percent of Social Security income if over age 62 and Federal Adjusted Gross Income is less than the limits above. Sales tax is 4.225 percent; local additions may add another 2 percent.

MONTANA

There is a $3,000 pension income exclusion if Federal Adjusted Gross Income is less than $30,000. Those over 65 can exempt an additional $800 of interest income for single taxpayers and $1,600 for married joint filers. Social Security is subject to tax. Montana has no general sales tax, but tax is levied on the sale of various commodities.

NEBRASKA

U.S. government pensions and annuities are fully taxable. Social Security is taxable. State sales tax is 5.5 percent, with local additions of up to 2 percent.

NEVADA

No personal income tax. Sales and use tax varies from 6.85 to 8.1 percent, depending on local jurisdiction.

NEW HAMPSHIRE

No personal income tax. The inheritance tax was repealed in 2003. There is a 5-percent tax on interest/dividend income over $2,400 for singles ($4,800 married filing jointly). A $1,200 exemption is available for those 65 or over. No general sales tax.

NEW JERSEY

Pensions and annuities from civilian government service are subject to state income tax, with exemptions for those who are age 62 or older or totally and permanently disabled. Singles and heads of households can exclude up to $15,000; those married filing jointly up to $20,000; those married filing separately up to $10,000 each. These exclusions are eliminated for New Jersey gross incomes over $100,000. Residents over 65 may be eligible for an additional $1,000 personal exemption. Social Security is not taxed. State sales tax is 7 percent.

NEW MEXICO

All pensions and annuities are taxed as part of Federal Adjusted Gross Income. Taxpayers 65 and older may exempt up to $8,000 (single) or $16,000 (joint) from any income source if their income is under $28,500 (individual filers) or $51,000 (married filing jointly). The exemption is reduced as income increases, disappearing altogether at $51,000. New Mexico has a gross receipts tax, instead of a sales tax, of 5.1375 percent; county and city taxes may raise this to 8.6875 percent in some jurisdictions.

NEW YORK

Social Security, U.S. government pensions and annuities are not taxed. For those over age 59½, up to $20,000 of other annuity income (e.g., Thrift Savings Plan) may be excluded. See N.Y. Tax Publication 36 for details. Sales tax is 4 percent statewide. Other local taxes may add up to an additional 5 percent.

NORTH CAROLINA

Pursuant to the "Bailey" decision, government retirement benefits received by federal retirees who had five years of creditable service in a federal retirement system on Aug. 12, 1989, are exempt from North Carolina income tax. Those who do not have five years of creditable service on Aug. 12, 1989, must pay North Carolina tax on their federal annuities. In this case, up to $4,000 ($8,000 if filing jointly) of any federal annuity income is exempt. For those over 65, an extra $750 (single) or $1,200 (couple) may be deducted. Social Security is exempt. State sales tax is 4.75 percent; local taxes may increase this by up to 3 percent.

NORTH DAKOTA

All pensions and annuities are fully taxed, except for the first $5,000, which is exempt minus any Social Security payments. Sales tax is 5 percent. Local jurisdictions impose up to 3 percent more.

OHIO

Taxpayers 65 and over may take a $50 credit per return. In addition, Ohio gives a tax credit based on the amount of the retirement income included in Ohio Adjusted Gross Income, reaching a maximum of $200 for any retirement income over $8,000. Social Security is exempt. State sales tax is 5.5 percent. Counties and regional transit authorities may add to this, but the total must not exceed 8.5 percent.

OKLAHOMA

Individuals receiving FERS/FSPS or private pensions may exempt up to $10,000 if the Federal Adjusted Gross Income is under $100,000 for single filers or $200,000 for married filing jointly. Alternatively, in 2011 and later years, 100 percent of a federal pension paid in lieu of Social Security (i.e., CSRS and FSRDS—"old system"—including the CSRS/FSRDS portion of an annuity paid under both systems) is exempt. Social Security included in FAGI is exempt. State sales tax is 4.5 percent. Local and other additions may bring the total up to 9.5 percent.

OREGON

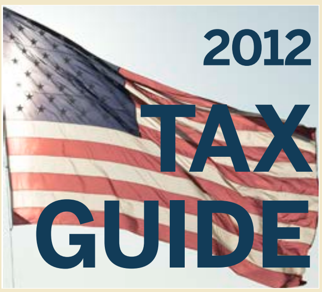
Generally, all retirement income is subject to Oregon tax when received by an Oregon resident. However, federal retirees who retired on or before Oct. 1, 1991, may exempt their entire federal pension; those who worked both before and after Oct. 1, 1991, must prorate their exemption using the instructions in the tax booklet. A tax credit of up to 9 percent of taxable pension income is available to recipients of pension income, including most private pension income, whose household income was less than $22,500 (single) and $45,000 (joint),and who received less than $7,500 (single)/$15,000 (joint) in Social Security benefits. The credit is the lesser of the tax liability or 9 percent of taxable pension income. Oregon does not tax Social Security benefits. Oregon has no sales tax.

PENNSYLVANIA

Government pensions and Social Security are not subject to personal income tax. Pennsylvania sales tax is 6 percent. Other taxing entities may add up to 2 percent.

PUERTO RICO

The first $11,000 of income received from a federal pension can be excluded for individuals under 60. For those over 60 the exclusion is $15,000. If the individual



receives more than one federal pension, the exclusion applies to each pension or annuity separately. Social Security is not taxed.

RHODE ISLAND

U.S. government pensions and annuities are fully taxable. Sales tax is 7 percent.

SOUTH CAROLINA

Individuals under age 65 can claim a $3,000 deduction on qualified retirement income; those 65 years of age or over can claim a $10,000 deduction on qualified retirement income. A resident of South Carolina who is 65 years or older may claim a $15,000 deduction against any type of income ($30,000 if both spouses are over 65), but must reduce this figure by any retirement deduction claimed. Social Security is not taxed. Sales tax is 6 percent plus 1 percent in some counties. Seniors 85 and over pay 5 percent.

SOUTH DAKOTA

No personal income tax or inheritance tax. State sales and use tax is 4 percent; municipalities may add up to an additional 2 percent.

TENNESSEE

Social Security, pension income and income from IRAs and TSP are not subject to personal income tax. Most interest and dividend income is taxed at 6 percent if over $1,250 (single filers) or $2,500 (married filing jointly). However, for tax year 2012 and subsequently, those over 65 with total income from all sources of less than $26,200 for a single filer and $37,000 for joint filers are completely exempt from all taxes on income. State sales tax is 7 percent with between 1.5 and 2.75 percent added, depending on jurisdiction.

TEXAS

No personal income tax or inheritance tax. State sales tax is 6.25 percent. Local options can raise the rate to 8.25 percent.

UTAH

Utah has a flat tax rate of 5 percent of all income. For taxpayers over 65 there is a retirement tax credit of $450 for single filers and $900 for joint filers. This is reduced by 2.5 percent of income exceeding $25,000 for single filers and $32,000 for joint filers. See the state Web site for details. State sales tax is 4.7 percent; local option taxes may raise the total to as much as 7.95 percent.

VERMONT

U.S. government pensions and annuities are fully taxable. State general sales tax is 6 percent; local option taxes may raise the total to 7 percent (higher on some commodities).

VIRGINIA

Individuals over age 65 can take a $12,000 deduction. The $12,000 deduction is reduced by one dollar for each dollar by which Adjusted Gross Income exceeds $50,000 for single, and $75,000 for married, taxpayers. All taxpayers over 65 receive an additional personal exemption of $800. Social Security income is exempt. The estate tax was repealed for all deaths after July 1, 2007. The general sales tax rate is 5 percent (4 percent state tax and 1 percent local tax).

WASHINGTON

No personal income tax. State sales tax is 6.5 percent; rates are updated quarterly. Local taxes may increase the total to 9.5 percent.

WEST VIRGINIA

$2,000 of any civil or state pension is exempt. Social Security income is taxable only to the extent that the income is includable in Federal Adjusted Gross Income. Taxpayers 65 and older or surviving spouses of any age may exclude the first $8,000 (individual filers) or $16,000 (married filing jointly) of any retirement income. Out-of-state government pensions qualify for the $8,000 exemption. State sales tax is 6 percent.

WISCONSIN

Pensions and annuities are fully taxable. Those age 65 or over may take two personal deductions totaling $950. Benefits received from a federal retirement system account established before Dec. 31, 1963, are not taxable. Wisconsin does not tax Social Security benefits included in Federal Adjusted Gross Income. For tax years after 2009, those over 65 and with an FAGI of less than $15,000 (single filers) or $30,000 (joint filers)may take a $5,000 deduction on income from federal retirement systems or IRAs. State sales tax is 5 percent; most counties charge an extra 0.5 percent.

AFSA TAX GUIDE

online at www.afsa.org/afsa_tax_guide.aspx

ACTIVE AFTER ACTIVE-DUTY

Are You a Lifelong Learner?

BY DONNA AYERST, *AFSA NEWS* EDITOR

I have been a Foreign Service family member since 1978. My husband, David W. Hess, is a retired U.S. Agency for International Development Foreign Service officer and current AFSA member. We are both passionate about Semester at Sea.

I have been associated with the Semester at Sea program since the fall of 1966, when I spent a junior-year semester circumnavigating the globe on the *S.S. Ryndam*. In those days, the program was called the University of the Seven Seas and Chapman College in Orange, Calif., was the academic sponsor.

Today, the Institute for Shipboard Education administers Semester at Sea, the ship is the *M.V. Explorer* and the academic sponsor is the University of Virginia. This year, the program is celebrating its 50th anniversary. AFSA is proud to be a partner with ISE/SAS, and grateful for their sponsorship of our High School Essay Contest by providing a semester at sea to the first place winner.

Now that you have the background, let me entice you with the SAS Lifelong Learner Program and Enrichment Voyages—both offering exciting educational travel opportunities for FS-types.

The SAS Lifelong Learning Program provides adult learners the opportunity to join the SAS academic community. Lifelong learners are participants 40 years of age or older who desire to study with bright and enthusiastic undergraduate students from around the world and include retirees, professionals on leave or simply adventurous travelers.

Lifelong learners participate in undergraduate courses, attend field excursions, serve as mentors to undergraduates, conduct seminars in their respective areas of expertise and add a valuable generational element to class discussions. For more on the program, please see www.semesteratsea.org/lifelonglearning.

PHOTOS BY DONNA AYERST

Archbishop Desmond Tutu, with ISE President Les McCabe, joins the SAS Spring 2013 voyage to Cape Town as a mentor as part of the Unreasonable at Sea project.

The *M.V. Explorer* docked in Ensenada, Mexico, during the January Alumni Reunion Voyage.

Enrichment Voyages, of shorter duration, offer a unique travel-and-learn voyage program that connects you to fascinating destinations and topics worldwide. The program features some of the world's leading instructors and experts in history, culture, marine studies, the environment and the arts, and offers field experiences and service trips for all ages. To view upcoming itineraries, please see http://enrichmentvoyages.org.

For decades, Foreign Service officers have provided in-port and inter-port lectures to SAS voyagers. David and I have enjoyed Enrichment Voyages and Alumni Reunion Voyages (including the recent reunion in January), during which we give volunteer lectures on the Foreign Service to the shipboard community.

Each time we come off the ship we plot our next opportunity to sail! If your interest is piqued (and you wonder what Unreasonable at Sea is) please feel free to contact me at ayerst@afsa.org. or visit www.semesteratsea.org.

NEWS BRIEF

AFSA Financial Aid College Scholarship Application Deadline Is March 6

AFSA members' children have until March 6 to apply for an AFSA undergraduate, need-based scholarship for the 2013-2014 school year. Awards range from $1,500 to $4,000 and are for full-time students enrolled in a U.S. or overseas two or four-year institution. For details, please go to www.afsa.org/scholar or contact AFSA Scholarship Director Lori Dec at dec@afsa.org or (202) 944-5504.

The View from the Field

Managing Overseas Operations: Kiss Your Latte Goodbye
Gregory W. Engle and Tibor P. Nagy Jr., Vargas Publishing, 2012, $18.99, paperback, 236 pages.
Reviewed by Bob Houdek

The co-authors of this book are two of the most accomplished management officers the Foreign Service has ever produced. They are field men who took on tough assignments and were invigorated by challenges, whether as a general services officer or an ambassador. In their second careers as academics, Greg Engle and Tibor Nagy have collaborated on a most readable book that draws on their combined six decades of international experience.

I'd encourage FSI to incorporate a video segment conducted by the authors into its orientation course for new chiefs of mission.

Managing Overseas Operations: Kiss Your Latte Goodbye is primarily geared to managers of international organizations, diplomatic missions and nongovernmental organizations. But Foreign Service management officers will also appreciate its wealth of practical guidance.

As its title suggests, this is not a dry academic treatise replete with footnotes, extensive empirical data and theoretical nostrums. Rather, it is a compilation of practical advice delivered in an informal and most digestible manner, using anecdotes from Engle and Nagy's careers to underline the advice being offered. The chapters are presented as meetings with one of the authors to discuss each topic.

Just the chapter on "Cross-Cultural Factors: Cracking the Code" by Greg Engle would be worth the price of the book. A former Peace Corps Volunteer who is now Peace Corps country director in Ethiopia, Engle draws on postings ranging from Korea and Germany to Togo and Iraq to illustrate the value of sensitivity to cultural, religious and linguistic differences. Those examples will be particularly relevant to private-sector managers embarking on their first overseas job, but they are useful reminders for everyone in the Foreign Service.

The discussion of the relative cost-effectiveness of using Foreign Service, Foreign Service National and Third Country National staff for various functions is cogent and thought-provoking. Such a comparative approach is stimulating and should be a much more regular feature of management literature and training courses than it is now.

Engle and Nagy's recommendations on how to prepare for an overseas managerial assignment are a bit overwhelming at times, even for experienced officers. But FSOs should definitely keep their comprehensive checklists handy for reference. Readers will also find tips in each chapter for keeping the home office informed and attuned to the field perspective.

The authors candidly share their mistakes, as well as their successes, in dealing with overseas management challenges. Indeed, there is a Harvard Business School case study quality to this book, as you are brought into situations where you ponder what your decision might be and critique those of the authors. They are particularly profound in discussing safety and security planning, what to do when crises strike, and managing people and facilities under extreme conditions. The recent Benghazi tragedy underlines the need for this kind of systematic thinking about the unthinkable.

Managing Overseas Operations: Kiss Your Latte Goodbye should be on the reading list of every U.S. firm sending managers overseas. But I also commend it to students in management courses at the Foreign Service Institute. In fact, I'd encourage FSI to incorporate a video segment conducted by the authors into its orientation course for new chiefs of mission.

Bob Houdek served as chief of mission in Eritrea, Ethiopia and Uganda, deputy assistant secretary for African affairs, and national intelligence officer for Africa, among many other assignments during his 35-year Foreign Service career. He is currently a retiree representative on the AFSA Governing Board.

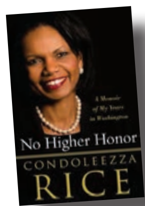
A Fateful Eight Years

No Higher Honor
Condoleezza Rice, Broadway Paperbacks, 2012, $18, paperback, 765 pages.
Reviewed by William D. Bent

As the old saying goes, "You can't know where you are going until you know where you've been." That's one reason I strongly recommend that all foreign affairs practitioners, especially Foreign Service officers, read Condoleezza Rice's memoirs of her time during the first George W. Bush administration as national security adviser and as Secretary of State during his second term.

The attacks of Sept. 11, 2001, and

the Iraq War largely defined the Bush presidency, so they appropriately loom large in *No Higher Honor*. But her sweeping account covers many other foreign policy triumphs and failures during those eight years.



Despite Rice's dismissive attitude toward the Foreign Service, this book should grace the bookshelf of every foreign affairs practitioner.

In the notes on her sources, Ms. Rice states that she relied on her "daily calendars and official trip logs to recall various meetings and travel." Though the resulting approach is basically chronological, it still gave me a real sense of being in the room, as well as a feel for what she is like as a human being. She's at her best when relating funny anecdotes, such as Vladimir Putin showing up an hour early to a dinner at President Bush's Crawford ranch because someone forgot to tell the Russian leader that Texas is in the Central Time Zone.

But she also shares poignant inner thoughts, like her feelings of personal responsibility for talking Sérgio Vieira de Mello into taking the United Nations job in Iraq, a decision which would ultimately lead to his tragic death in the August 2003 bombing of the U.N. headquarters in Baghdad. Another moving vignette comes during a discussion with Muslim leaders about the United States' history with minorities, when she defuses the tension by noting that "When America's founding fathers said, 'We the People,' they didn't mean me."

In contrast, her conversations with Pres. Bush tend to be of the "How was your day?" variety. The quotes confirm the close personal relationship that they enjoyed, but are rarely illuminating beyond that.

Despite, or perhaps because of, Rice's openness, there are inconsistencies; as with any memoirs, we can expect a certain amount of rationalization. For instance, addressing criticism for not heading off 9/11, she insists: "I did everything I could." Elsewhere in the book, however, she concedes: "Given the severity of what occurred, I clearly hadn't done enough."

Yet instead of explaining what else she should have done, she blames the attacks on unspecified "systemic" failures. She also takes a cheap shot at counterterrorism czar Richard Clarke, one of her harshest critics, citing his "awful reputation" among many who'd worked with him instead of refuting his detailed critique of her performance as national security adviser.

Rice's views of the Foreign Service are similarly dismissive and frankly disappointing. Her description of the American Foreign Service Association as a "kind of union for U.S. diplomats" is jarring and baffling, as is her declaration that she was "prepared to face down [AFSA] before Congress and the American people if necessary" to get more Foreign Service officers to bid on Iraq. Worse, she rehashes the canard, based on media hype and a badly run town hall meeting, that the men and women of the Foreign Service were unwilling to do their part.

Despite these flaws, *No Higher Honor* should grace the bookshelf of every foreign affairs practitioner. However one views the wisdom of the decisions Secretary Rice made, or advised Pres. Bush to make, there is no denying that they profoundly changed the way the Foreign Service operates. In particular, her emphasis on "transformational diplomacy" led to a more expeditionary organization whose members are still called upon to serve under conditions under which we have rarely served before.

That process is still playing out, so it is useful to witness the opening curtain—albeit through the eyes of the director. ■

William D. Bent, a Foreign Service officer since 1992, is currently chief of post operations in the Office of Visa Services. A State representative on the Governing Board, he serves as liaison to the Foreign Service Journal Editorial Board.

Jerine Newhouse Bird., 86, the wife of retired FSO Eugene Bird, died on Dec. 13 after a 15-month battle with peritoneal cancer. A longtime resident of Washington, D.C., Bird was a perennial activist and lobbyist for Middle East peace.

Born in Portland, Ore., in 1926, Jerine ("Jerri") B. Newhouse grew up in Eugene, Ore. A graduate of the University of Oregon, she married Eugene H. Bird, a Foreign Service officer and an Arabist, in 1948. Over the next three decades, the couple lived in Stockholm, Washington, D.C., Jerusalem, Beirut, Dhahran, Cairo, Bombay, New Delhi, Jeddah and Riyadh.

The extensive experience in the Middle East had a profound effect on Jerri Bird. On the eve of the October 1956 Suez War, the Birds were stationed in East Jerusalem. "For some reason, the 'incidents' have been more numerous and the 'reprisals' very heavy," she wrote to her parents in Oregon. "Neither side is 'right,' but Israel's policy of retaliation simply keeps the fire going. It is openly acknowledged that for every (Israeli) life lost in a border incident, the Israelis will kill in return and usually many, many more. An eye for an eye has turned into 12 for one or better."

Their son, Pulitzer Prize-winning historian Kai Bird, later wrote about their life in his memoir, *Crossing Mandelbaum Gate: Coming of Age Between the Arabs and Israelis, 1956-1978* (Scribner, 2011).

After her husband's retirement, Mrs. Bird moved back to Washington, D.C. There she became active in the Episcopal Church's Washington Interfaith Alliance for Middle East Peace and, in 1989, founded Partners for Peace.

As the group's president, she organized an innovative program that brought "Three Women from Jerusalem" to tour American cities several times a year. She reached out to audiences in synagogues, churches and universities through this program to explain the complexities of the Palestinian-Israeli conflict.

Bird chose the three women—a Jewish Israeli, a Muslim Palestinian and a Christian Palestinian—for each 10-city tour. The three women usually were strangers to each other; Bird's only prerequisite for their participation was that they all had to agree that the city of Jerusalem should be shared among the three faiths.

Over more than two decades, thousands of Americans heard these Jerusalem women debate a two-state solution to the Middle East conflict. "I wanted ordinary women to speak to ordinary people in America," Bird told the *Baltimore Jewish Times* in 1998. "I felt that the voices not being heard were the women, the human voices. I felt Americans would respond to it."

Jerri Bird was known to her family and friends as a strongly opinionated, sharp-tongued advocate. "She was a great lady with a strong conscience," said Charles Glass, ABC News' former chief Middle East correspondent. "She tried to undo some of the harm our country has done to the Palestinians."

A trained musician, Bird once sang in a production of "The Sound of Music" in Jeddah, Saudi Arabia. She played the part of Mother Superior.

She later wrote magazine articles for *The Foreign Service Journa*l and contributed an essay on Saudi women to an anthology edited by Elizabeth Warnock Fernea, *Children of the Muslim Middle East* (University of Texas Press, 1995).

Her family was most important to her; and her grandchildren, in particular, brought her the greatest joys in the last years of her life.

Jerine Bird is survived by her husband, Eugene; their children, daughter and son-in-law Christina and Rodrigo Macaya, son and daughter-in-law Kai Bird and Susan Goldmark, daughter and son-in-law Nancy Bird and Karl Becker, and daughter and son-in-law Shelly Bird and Jonathan Ely; grandchildren Lisa and Lya Macaya, Jason and Daniel Macaya, Joshua Goldmark Bird and Jonathan Ely; and her sister, Nadine.

At her request, the family asks that memorial donations be sent to the Middle East Children's Alliance (www.mecaforpeace.org), 1101 8th St., Suite 100, Berkeley CA 94710, or to the American Friends of the Episcopal Diocese of Jerusalem (www.afedj.org), 25 Old King's Highway No., Suite 13, Darien CT 06820.

James Franklin Brackman, 86, a retired FSO, died on Nov. 22 at Fairfax Hospital in Fairfax, Va., after a long illness. He was a longtime resident of Alexandria, Va.

Born in Neola, W. Va., in 1926, Mr. Brackman served in the U.S. Army from 1945 to 1946 and received an honorable discharge. He completed a bachelor of science degree in finance and accounting from West Virginia Tech in 1950.

In 1952, Mr. Brackman joined the United States Foreign Service and began a diplomatic career as a budget and fiscal officer spanning 39 years. His first post was Bonn, where he helped administer the Marshall Plan. He then served in Bogotá. At his third post, in Amman, he met his wife, Stella Scouros, whom he married in 1958.

The couple subsequently served in Caracas, Karachi, Budapest, Asunción, Belgrade (in the former Yugoslavia), Kinshasa, Cairo and Beijing. He loved the Foreign Service and thrived at every post by immersing himself in the culture and the new experiences that each offered.

Sent to East Pakistan in 1971, he helped with the evacuation of American citizens during the Bangladesh independence struggle. Earlier, he was a member of the control team in Karachi during the 1962 visit of Jacqueline Kennedy.

Mr. Brackman served in Budapest when the U.S. was represented through a legation and Hungarian Cardinal Mindzenty received political asylum. He liked to tell this story of that time: When the cardinal, who often worked at night, found out that Brackman was good with numbers and also a good typist, he would ring the bell for him on nights when Brackman was on duty at the embassy and ask, "Could I molest you?" The cardinal's English was self-taught, and what he meant to say was "May I *bother* you?"

In Belgrade, Mr. Brackman joined the diplomatic hunting club and hunted for boar at the hunting grounds of President Tito. Having been born and raised in West Virginia, he felt very much at home in Nepal. He loved to trek in the Himalayas and trekked to the Everest Base Camp.

His assignment in Cairo coincided with the assassination of President Anwar Sadat in 1981, and Mr. Brackman participated in the preparations for all the VIPs and presidents attending the funeral. While in Beijing, he helped prepare President Ronald Reagan's 1984 visit.

After a tour at the U.S. Mission to the United Nations in New York in 1991, Mr. Brackman retired with the title of first secretary, having received numerous honors and awards for exemplary performance.

In retirement, Mr. Brackman accompanied his wife, Stella, also a Foreign Service employee, to her posts in Rome, New Delhi, Moscow, Bridgetown and Brussels. He worked as a retiree at the embassies in New Delhi and Moscow, where he was assigned to train newly hired Russian employees in administrative and budget matters.

Mr. Brackman was an enthusiastic sportsman. An avid tennis player, he was a menace at the net. He loved golf and kept working to lower his handicap. In Barbados he played golf daily; he used to say his office hours are "from 7 to 11 at the Rockley Golf Club." In Moscow he played at the opening of the first golf course and won the initial tournament. He also kept up with many baseball and football teams and relished discussing games with his grandchildren.

Proud of his West Virginia roots, Mr. Brackman loved returning to his hometown to visit family members and to play golf with old friends and nephews.

The Brackmans made their home at Watergate at Landmark in Alexandria, Va., where Mr. Brackman was an active member and former president of the Watergate Lions Club and the Watergate tennis group.

He battled lung cancer from 2000 to 2005, which stayed in remission until shortly before he passed away. His doctors used to call him "the wonder boy."

Survivors include his wife of 54 years, Stella Brackman, of Alexandria, Va.; their daughter, Gloria Brackman Nussbaum, and son-in-law, Peter Nussbaum, of Westport, Conn., and two grandchildren, Stephanie and Daniel.

Michael Alan Bricker, 54, Foreign Service specialist, died on Oct. 21 in Washington, D.C.

Mr. Bricker was born on July 22, 1958. He joined the State Department in August 1990, one of the first hearing-impaired members of the Foreign Service. During a 22-year diplomatic career as an information technology manager, Mr. Bricker served in Warsaw, Monrovia, Seoul (two tours), Kingston, New York with the U.S. Mission to the United Nations, London and Vienna. When diagnosed with cancer earlier in the year, Mr. Bricker had been serving as Embassy Ottawa's information management officer.

Mr. Bricker is remembered by colleagues and friends for his kindness and good humor, his professional excellence and commitment to diplomacy, and his devotion to family and country. He was also a lifelong champion of people with disabilities.

As retired Senior FSO Timothy C. Lawson, who was deputy chief of mission in Seoul when Bricker, on his second Seoul tour, was the deputy information resources management officer, recalls: "He brought creativity, innovation and world-class support to our large operation and to the goals and objectives of the mission. His sense of local Korean dynamics, service standards and technology infrastructure proved pivotal to our success. And this was during some truly trying times for the embassy, the U.S. Army garrison and our alliance with the Republic of Korea."

"But, beyond those challenges," Lawson continues, "the most commendable and memorable thing about Michael, to me, was his ready concern for the welfare of others—and not just his talented staff.

"Despite managing his heavy office workload and studies for a demanding Army War College curriculum, Michael was always quietly committed to a very special group. He was a frequent visitor to a small Seoul orphanage, where he would take the time to visit, play with and present small gifts to Korean children who suffered from severe physical and mental handicaps and had been largely abandoned by their own families. Michael Bricker became their champion. For the few, like me, who became privy to his special act of compassion, Michael became our champion, too."

At every post, he sought out opportunities to connect with and assist the disabled population. He did volunteer work for the disabled in Poland and at orphanages in Liberia and Korea, and also volunteered at a church in New York City. He was a friend and supporter of St. Jude's Hospital, moved by its promise never to turn a child away.

His story, "Ten for a Dollar," included in the new edition of *Inside a U.S. Embassy,* reveals Mr. Bricker's compassionate involvement with the less fortunate in the countries to which he was posted.

Mr. Bricker was also a pioneer in the State Department, working to boost the image of persons with disabilities and goading the department to take a leadership role in making the working environment equitable.

In a Speaking Out column for *The Foreign Service Journal* (January 2011), "Welcoming the Disabled to the Foreign Service," Mr. Bricker heralded State's initiative to actively recruit disabled employees in conformance with Executive Order 13548, which called for an additional 100,000 individuals with disabilities to be employed by the federal government.

Considering what advice to give a disabled applicant to the Foreign Service, he reviewed his own experiences—both personally and as an advocate for "reasonable accommodations" for the disabled at State—with candor and humility. After noting that a career in the Foreign Service offers adventure and the opportunity to meet fascinating people and be part of history, Mr. Bricker acknowledged that anyone struggling to overcome the limitations of a particular disability will also meet disappointment and frustration.

"When it comes to accommodating the disabled, the Foreign Service is not yet ready for prime time," he concluded. But he added that he looks forward to the day when it is.

Michael Bricker is survived by his mother; his wife, Shereen; and their 14-year-old daughter, Sabrina.

A memorial Web site (http://michael.bricker.muchloved.com) has been created in Michael Bricker's honor. Those wishing to remember him may send donations to St. Jude's Children's Hospital or the American Lung Association.

Ernest J. Colton, 96, a retired FSO with the U.S. Information Agency, died on Oct. 25 at Greenspring Retirement Community in Springfield, Va. He had emphysema.

Ernst Kohen was born in Berlin, Germany, in 1916 and immigrated in the late 1930s to New York, where he changed his name to Ernest Jack Colton. He joined the U.S. Army in the 1930s and later served in the reserves.

After serving as an Army intelligence officer in Europe during and after World War II, Mr. Colton worked as an information officer for U.S. consulates in the early 1950s. He joined USIA when it was founded in 1953.

During the 1950s and 1960s, he served as a public affairs and broadcast officer in Germany, Austria and South Africa. He was director of the U.S. cultural center in Berlin from 1966 to 1968 and retired from USIA in 1972.

Mr. Colton returned to Germany in 1974 as director of the Amerika Haus binational center in Freiburg, serving until 1978.

A longtime Springfield resident, Mr. Colton enjoyed gardening and photography.

Mr. Colton's wife of 55 years, Ruth Litten Colton, died in 2001, and he moved to Greenspring the next year.

Survivors include two children, David M. Colton (and his wife, Cheryl Anne) of Alexandria, and Esther Colton of Berlin; and a granddaughter, Alexis, of Alexandria.

Janet Murray Fiske, 99, wife of the late FSO John C. Fiske, died on Nov. 13 at her home in the Vashon Community Care Center, Vashon, Wash., where she had lived for three years. She was 10 days from her 100th birthday.

Janet Fiske was born in Cedar Rapids, Iowa, one of five children of Frederick G. and Janette S. Murray. She graduated from Coe College in Cedar Rapids, and traveled and worked in France and Greece before earning a master of arts degree from Columbia University. In 1940, she married John C. Fiske, who worked in naval intelligence during and after World War II in the United States and Moscow. They then lived in the Boston area, Iowa and Washington, D.C.

In 1957, Mr. Fiske joined the U.S. Foreign Service and, during the next 13 years, the couple was posted to Dhaka, Heidelberg, Kinshasa, Bremen and Reykjavik. Mr. Fiske retired as cultural attaché in Reykjavik in 1970, and the couple settled in Moscow, Idaho.

There, Mr. Fiske taught French at the University of Idaho, and Mrs. Fiske embarked on a career of civic activism. She helped the city build its first recycling center, reclaim Paradise Creek as "the city's waterfront," and develop bicycle and walking trails. She also led efforts to preserve the old post office that now houses City Hall, the Carnegie Library and the 1912 Center with its Fiske Family Meeting Room.

As a longtime member of the Moscow chapter of the League of Women Voters, Janet Fiske started annual fundraisers, packaging and selling peas and lentils. The couple was also active in local Democratic politics.

Mrs. Fiske co-authored two books with her mother, *Hurrah for Bonnie Iowa* and *Bonnie Iowa Farm Folk*, about the early days of her Iowa pioneer forebears.

In 2006, Moscow Mayor Nancy Chaney declared a day in Janet Fiske's honor, in recognition of her contributions to the community over the years. Mr. and Mrs.

Fiske also received the city's civil rights award, and were crowned king and queen of the annual Renaissance Fair.

In 2009, Mrs. Fiske moved to Vashon to be closer to family. She was predeceased by her husband in 1998.

Survivors include her four children, Lindsay Hofman of Vashon, Jonathan of Evanston, Ill., Anne of Newport, N.C., and Fred of Syracuse, N.Y.; a sister, Winifred Kelley of Des Moines, Iowa; 10 grandchildren; and two great-grandchildren.

Contributions in Janet Fiske's name may be made to Vashon Community Care or the League of Women Voters' Moscow chapter.

Robert Franklin Gould, 70, a former FSO, died on Dec. 15 at Shady Grove Hospital in Montgomery County, Md., after a lengthy battle with cancer.

Born in Cleveland, Ohio, Mr. Gould was a graduate of Case Western Reserve University School of Law. He joined the Foreign Service in 1966, despite knowing there was every likelihood he would be sent to the embattled Republic of Vietnam on his maiden assignment.

Mr. Gould was a member of the first class of U.S. civilians to graduate from the Vietnam Training Center in Arlington, Va. After spending more than a year learning Vietnam's language, politics and culture, and the details of the South Vietnamese government's rural pacification program, he arrived in Vietnam in April 1968 as part of the Civil Operations and Revolutionary Development Support program.

Ambassador William Colby, himself a lawyer, was running U.S. pacification support at the time, and he quickly enlisted Mr. Gould to review South Vietnam's internal security laws for apprehending and dealing with suspected communist insurgents. Colby told him: "You are the best-qualified Vietnamese-speaking American lawyer in the country. In fact, you're the only one." Mr. Gould subsequently told Colby that the existing laws and procedures were contradictory, poorly drafted and unevenly applied. Many existed only in French.

Working in the office of South Vietnam's interior minister, Mr. Gould, under Colby's supervision, suggested legal and structural revisions which resulted in a major liberalization of security laws and procedures. These reforms affected interrogation, standards of evidence, legal proceedings, sentencing and prison conditions. Amb. Colby then dispatched Mr. Gould to inspect the government's implementation of the new system. He found the South Vietnamese had made surprisingly good progress.

Next, Mr. Gould was assigned to Venezuela, but was soon called back to Saigon to serve as the American embassy's legal adviser. His responsibilities included dealing with suspected "irregular practices" of Vietnamese and American officials.

Mr. Gould left Vietnam, and the Foreign Service, in 1973. He subsequently served as legal advisor to the Ohio Environmental Protection Agency and as assistant health commissioner of the State of New Jersey. He later retired to Gaithersburg, Md.

Mr. Gould is survived by his sister, Judy Gould, of Plantation, Fla., and his brother, Dr. Philip Gould, of Davie, Fla.

Harry L. Heintzen, 89, a retired FSO with the U.S. Information Agency, died of a heart attack on Oct. 11 at Suburban Hospital in Bethesda. Md.

Harry Leonard Heintzen was born in New Orleans, where he received a bachelor's degree in 1947 and a master's degree in 1949, both in English literature, from Tulane University. He served in the Army Air Forces in Europe during World War II.

Before joining USIA in 1964, Mr. Heintzen was a reporter for the *New Orleans Times-Picayune* from 1949 to 1954 and did freelance reporting in Scandinavia. He later received the Council on Foreign Relations' Edward R. Murrow Press Fellowship.

During his first assignment with USIA, he established the Voice of America's regional office in Addis Ababa and covered the Horn of Africa as a regional correspondent. He was later posted to Ethiopia, Morocco and Tanzania as an information officer specializing in press and cultural relations.

In 1972, Mr. Heintzen returned to Washington, D.C., to work at VOA headquarters in the Africa division, eventually becoming division chief. During the last decade of his career, he helped establish and lead the organization's International Media Training Center for foreign journalists, retiring in 1994 as director of the Voice of America's international broadcast training center.

He was a member of the Council on Foreign Relations and the author of the self-published memoir, *Covering the Cold War and Other Shadows in the Land of the Midnight Sun* (2010). His many honors include the USIA Superior Honor Award.

A Washington, D.C., resident, Mr. Heintzen belonged to St. Paul's Lutheran Church in the District.

Survivors include his wife of 56 years, Ilse Michels Heintzen of Washington; two children, Guian Heintzen of Pelham, N.Y., and Annika Heintzen of Rockville, Md.; and two grandchildren.

Kempton B. Jenkins, 86, a retired FSO and Russian specialist, died on Nov. 18 at Suburban Hospital in Bethesda, Md., of complications from heart surgery.

Mr. Jenkins was born in Jacksonville, Fla., and served in the Navy at the end of World War II. He received a bachelor's degree in 1948 from Bowling Green State University in Ohio, a master's degree in political affairs from The George Washington University in 1950 and a master's degree in international business and policy from Harvard University in 1958.

Mr. Jenkins ("Jenks") joined the Foreign Service of the Department of State in 1950, beginning a 30-year diplomatic career that coincided with the Cold War. A Russian specialist, he began his career in Berlin and Moscow in the late 1950s and early 1960s during the height of the Berlin Crisis and Cuban Missile Crisis.

He advised U.S. Ambassador Llewellyn E. Thompson Jr. during discussions with Soviet Foreign Minister Andrei Gromyko, an experience he recounted in a Reflections column, "A Confrontation in Moscow," in the February 2009 *Foreign Service Journal*. He also served in Thailand and in Venezuela.

Beginning in the late 1960s, he was the U.S. Information Agency's assistant director in charge of informational and cultural programs for the Soviet Union and Eastern Europe. Mr. Jenkins later wrote a well-received memoir about this period, *Cold War Saga* (Nimble Books, 2010).

He served as principal deputy assistant secretary of State for congressional relations under Henry Kissinger before moving to the Commerce Department in the late 1970s.

Mr. Jenkins retired from government in 1980 as deputy assistant secretary of commerce for East-West trade. While in that position, he helped negotiate the first trade agreement between the United States and China.

After retirement, he became corporate vice president for Armco Steel and was a lobbyist for the steel industry for 10 years. Since 1990, he had served as a consultant to corporations seeking to do business overseas, primarily in Russia and the rest of the former Soviet Union. He was also president of the U.S.-Ukraine Business Council.

A longtime resident of Bethesda, Md, Mr. Jenkins was a great supporter of AFSA, and attended many association events. He was also an accomplished tennis player, as are each of his sons, and an enthusiastic golfer. A devoted father and grandfather, he will be lovingly remembered as "Poppa." At his death, he had been finalizing a second book, *Airedale Tales: Poppa and His Dogs,* which will be published posthumously.

Mr. Jenkins is survived by his devoted wife of 37 years, Lucy; three sons, Peter of Gill, Mass., and Tim and Michael, both of Bethesda, Md.; one daughter, Ann of Bethesda, Md.; 14 grandchildren, two great-grandchildren; and his loyal Airedale, Monty. He was predeceased by his beloved first wife, Cecile ("C") Jenkins, in 1971, and his stepson, Robert Greig Crichton, in 2008.

In lieu of flowers, donations may be made to the National Rehabilitation Hospital, 102 Irving Street NW, Washington DC.

C. Melvin Sonne Jr., 89, a retired FSO, died on Nov. 21 at his home in Bedford County, Pa., following a brief illness.

Mr. Sonne was born in Titusville, Pa., on Dec. 3, 1922, the son of C.M. Sonne, a doctor, and Lillian Carpenter Sonne. After graduating from Titusville High School in 1940, Mr. Sonne obtained his bachelor's degree from the University of Pennsylvania's Wharton School in 1943.

He then enlisted in the Army Air Force, serving as a navigator with the 20th Air Force on Saipan from 1944 to 1945 and completing 35 aerial missions, mostly over Japan. He was awarded the Air Medal and Distinguished Flying Cross, both with clusters. Following his discharge in late 1945, Mr. Sonne returned to the University of Pennsylvania. While teaching part-time there, he obtained his master's degree in 1947.

In September of that year, Mr. Sonne began a 30-year career in the Foreign Service. He filled diplomatic and consular positions in Denmark, Germany, French Indochina, Mexico, Austria, Italy (twice) and Saudi Arabia. On July 8, 1950, he married the former Eva Melitta Hubert, a native of East Germany whom he had met while assigned to Hamburg.

Between overseas assignments, he did graduate studies for one year at Harvard University, and attended the U.S. Army War College from 1965 to 1968. He was then detailed for one year to the Department of Commerce and later spent time at the U.S. Mission to the United Nations.

Following his retirement in 1977, Mr. Sonne was employed with a private trade organization, and then returned to the Department of State as a part-time consultant on freedom of information. He also became a volunteer director with the State Department Federal Credit Union, and for several years was its treasurer.

In 1989, the Sonnes settled in Southampton Township, in Bedford County, Pa., where they had purchased a retirement home more than a decade earlier. There Mr. Sonne pursued his hobby of tree farming and developed a deep interest in state and local history. He was a member of the Pioneer Historical Society, serving as its treasurer until 2003. He organized the society's purchase and move to its new headquarters, worked to encourage greater local interest in the county's heritage and, in 1994, led Bedford's observance of the Whiskey Rebellion Bicentennial.

The Sonnes remained frequent travellers, going abroad at least once a year as long as they were able.

Survivors include his wife of 62 years, Millie, of Southampton; three sons, Peter, Phillip and Neil; five grandchildren; and six great-grandchildren.

William Benjamin Stubbs III, 78, a retired FSO, died in Ocala, Fla., on Oct. 21.

The only son of William and Rachael Stubbs, he was born in Valdosta, Ga., on Oct. 9, 1934. He attended Druid Hills School in Atlanta and Darlington School in Rome, Ga. He went on to attend Duke University, Emory University and the London School of Economics, earning bachelor's and master's degrees in international relations.

From 1956 to 1959, Mr. Stubbs served in the U.S. Army, with duties in military intelligence in France and Germany. Following military service, he joined the faculty at the Oxford College of Emory University, where he taught until 1962, when he joined the Foreign Service.

Mr. Stubbs' overseas assignments with the U.S. Information Agency and the Department of State included Malaysia, Cambodia, Vietnam, Taiwan, Hong Kong, Hungary, China, the Philippines and Thailand. In 1979 he was among the group that reopened the American embassy in Beijing, then served as its spokesman, a position he had held in several other countries.

For the four years prior to retirement in 1985, he directed U.S. government programs for Indochinese refugees in the Philippines and Thailand. While in Thailand he married Antoinette Atienza, originally from Manila. Two previous marriages ended in divorce.

After retirement Mr. Stubbs held several consulting positions, spending two years in Washington, D.C., with the Department of Justice and a year with the public relations firm Hill and Knowlton in Hong Kong. He founded his own consulting firm in Hong Kong and managed it until 1991, when he moved to Florida, residing first on Amelia Island, then in Jacksonville and, finally, in Ocala.

Having lived much of his adult life in

Asia, Mr. Stubbs in his later years actively sought to promote a better understanding of that area among Americans. He served for six years as a member of the executive committee of the World Affairs Council of Jacksonville, and was a frequent lecturer on Asian studies at numerous educational institutions in the region. He was often a guest lecturer on cruise ships in Asia and other parts of the world.

During his years in Hong Kong, Mr. Stubbs served as vice president of the Foreign Correspondents Club. He was also a member of the Bangkok Foreign Correspondents Club, the American Foreign Service Association, Diplomatic and Consular Officers, Retired and the Association of Former Intelligence Officers.

William Stubbs is survived by his wife of 29 years, Antoinette Atienza Stubbs of Ocala; two sons, Christopher of Cambridge, Mass., and Robert of Shillinglee, U.K.; three stepchildren, Miriam Smith, Marie Sison and Peter Sison; four grandchildren; six step-grandchildren; one step great-grandchild, Nicholas Rodillas; and two sisters, Rachael "Binky" Farris and Carolyn Aschemeyer.

Viron Peter ("Pete") Vaky, 87, a career FSO and ambassador to three countries, died on Nov. 22 of pneumonia at Collington Episcopal Life Care Community in Mitchellville, Md.

Born in Corpus Christi, Texas, to Greek immigrant parents, Mr. Vaky graduated from Georgetown University's School of Foreign Service in 1947 and received a master's degree in international relations from the University of Chicago in 1948. During World War II he served in the U.S. Army Signal Corps.

Mr. Vaky joined the Foreign Service in 1949, beginning a distinguished 31-year diplomatic career focused primarily on South and Central America. His overseas assignments included Guayaquil, Buenos Aires, Bogotá, Guatemala, San José and Caracas. He also attended the National War College, class of 1964.

In Washington, Mr. Vaky served as a member of the State Department's Policy Planning Council (1967-1968), and as senior staff member for Latin America on the National Security Council (1969-1970). From 1970 to 1972 he was diplomat-in-residence at Georgetown University's School of Foreign Service.

He served as United States ambassador to Costa Rica (1972-1974), Colombia (1974-1976) and Venezuela (1976-1978). In July 1978, Ambassador Vaky was appointed assistant secretary of State for inter-American affairs, a position he held until his retirement from the Foreign Service on Jan. 1, 1980.

Amb. Vaky was known for promoting a far-reaching vision of hemispheric relations based on American values and for eschewing opportunistic shortcuts. He guided U.S. policy during periods of volatility in relations with Nicaragua, El Salvador and Guatemala. In particular, he helped coordinate the transition of the Panama Canal from American to Panamanian control, and helped negotiate the release of U.S. Ambassador Diego Asencio and other diplomats taken hostage in Colombia in 1980.

A year before, in 1979, he had tried to persuade Nicaraguan strongman Anastasio Somoza Debayle to give up power during what became known as the Sandinista Revolution. Somoza refused, and the rest is history.

Earlier, in 1968, as DCM in Guatemala, Amb. Vaky had written a memo to his superiors at the State Department, opposing U.S. support for the counterterrorist practices of the Guatemalan government. At the time, kidnapping, brutal interrogations and political assassinations of suspected communists by state-sanctioned security forces were all common.

In the memo, which remained classified for 30 years, Vaky wrote that it was morally wrong to ignore "the violence of right-wing vigilantes and sheer criminality" of the Guatemalan regime. "In the minds of many in Latin America, we are believed to have condoned these tactics, if not actually to have encouraged them."

As the *Washington Post*'s Matt Schudel reports, the memo became known as a touchstone of diplomatic conscience and courage. And in 1999, after it was declassified, President Bill Clinton visited Guatemala and apologized for U.S. support of the country's repressive regimes in the past.

Following his retirement, Amb. Vaky served as associate dean and research professor in diplomacy at the Georgetown University School of Foreign Service until 1985, and as adjunct professor of diplomacy until 1994.

From 1985 to 1992 he was a senior associate at the Carnegie Endowment for International Peace, and senior fellow at the Inter-American Dialogue from 1994 to 2010. He was a charter member of the American Academy of Diplomacy, and was a member of the Board of Directors of the Una Chapman Cox Foundation.

Formerly a member of the Commission on Peace of the Episcopal Diocese of Washington, Amb. Vaky chaired its Committee of Inquiry, which produced two studies on the nuclear dilemma and the post-Cold War world. He was a member of the Washington National Cathedral Chapter from 1986 to 1994.

Amb. Vaky is survived by his wife of 63 years, Luann Colburn Vaky of Mitchellville; three sons, Peter Colburn Vaky of Atlanta, Ga., Paul Stephan Vaky of Bogotá, Colombia, and Matthew Alexander Vaky of Gaithersburg, Md.; and 10 grandchildren.

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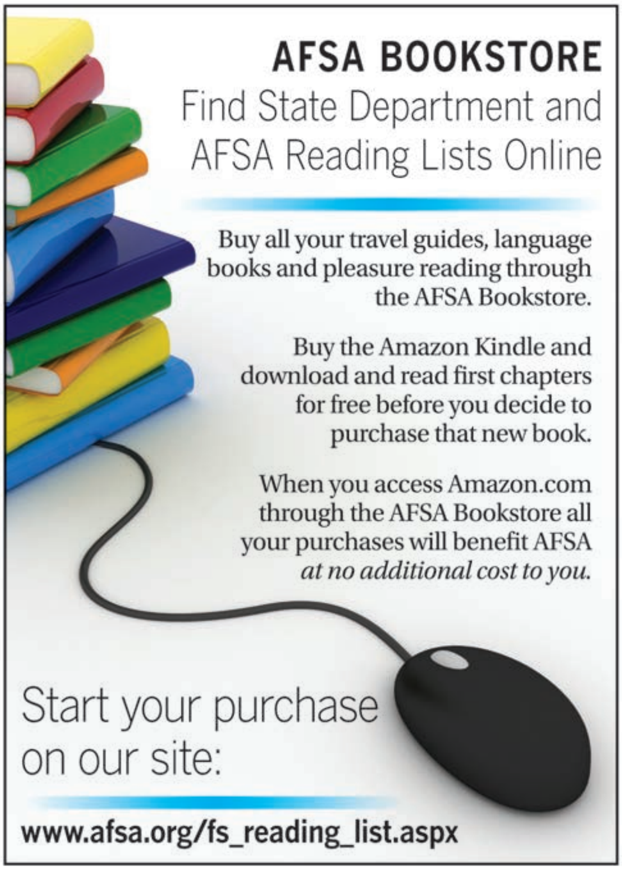
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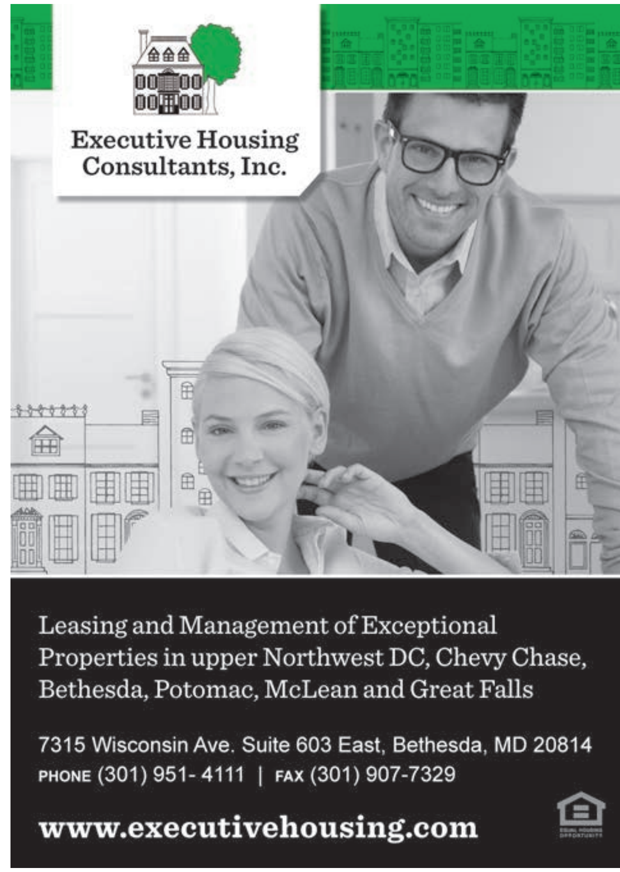
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KPARIGU, GHANA

BY ALDA KAUFFELD ■ TAKEN WITH A NIKON D7000.

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Alda Kauffeld is a Foreign Service spouse posted in Accra, where she is a local hire personal services contractor with USAID, serving as a development outreach coordinator. She is also a professional photographer, and was just awarded the "Best in Show" for the Art in Embassies "Through Their Eyes" worldwide Defense Department and State Department Photography Contest. Go to http://aldakauffeld.imagekind.com/ to see more of her photos.

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