

## Why GAO Did This Study

Since the recent recession, policymakers have emphasized the role exports can play in strengthening the U.S. economy and in creating higher paying jobs. In March 2010 the President signed an Executive Order creating the National Export Initiative (NEI), with a goal of doubling U.S. exports in 5 years. However, since 2004 the workforce of the U.S. and Foreign Commercial Service (CS) has shrunk, calling into question the ability of this key agency to increase its activities to assist U.S. businesses with their exports.

In response to a conference committee mandate, GAO reviewed (1) how well CS managed its resources from 2004 to 2009, and (2) the completeness of CS's workforce plans and the quality of its fiscal year 2011 budget request. GAO analyzed data from the Departments of Agriculture, Commerce, and State; reviewed agency documents; and interviewed agency officials.

## What GAO Recommends

GAO recommends to the Secretary of Commerce that CS (1) strengthen management controls, (2) improve workforce planning, and (3) improve cost estimating related to CS's budget estimate. Commerce agreed with our findings and recommendations.

View [GAO-10-874](#) or key components. For more information, contact Loren Yager at (202) 512-4347 or [yagerl@gao.gov](mailto:yagerl@gao.gov).

# EXPORT PROMOTION

## Increases in Commercial Service Workforce Should Be Better Planned

### What GAO Found

CS had management control weaknesses over its resources from 2004 to 2009. During this period, CS's budgets remained essentially flat as per capita personnel costs and administrative costs increased. However, CS leadership did not recognize the long-term implications of these changes because it lacked key financial and workforce information and risk analysis necessary for good management control. CS continued to pay fees associated with positions it maintained in U.S. embassies that were vacant but not officially eliminated. As CS's financial constraints grew, officials delayed their impact by using a variety of financial management practices. For example, the International Trade Administration (ITA), CS's parent agency, attributed some of CS's centralized costs to other units. However, as the availability of offsetting funds declined and costs continued growing, CS leadership failed to recognize the risks from these changes in accordance with good management controls, and reached a "crisis" situation in 2009. Officials froze hiring, travel, training, and supplies, compromising CS's ability to conduct its core business. CS's workforce declined by about 14 percent from its peak level in 2004 through attrition—affecting the mix and distribution of personnel.

CS intends to rebuild its workforce but lacks key planning elements for doing so, and its budget request has weaknesses that could affect its ability to meet its goals. CS will have a central role in implementing the NEI. The President's 2011 budget requested \$321 million for CS, \$63 million more than its 2010 appropriation. The budget would fund a major staff increase. CS is allocating \$5.2 million of its 2010 appropriation to begin recruiting new staff. However, as new executive-level leadership was arriving, GAO found that CS lacked key planning elements, including a clear sense of strategic direction and an analysis to determine its workforce needs. Also, it had not updated its workforce plans to address staffing gaps since fiscal year 2007. Adding more staff could be delayed because CS's human resources office is itself understaffed and because CS requires up to 2 years to hire and train new Foreign Service Officers. GAO also found that the 2011 budget request, though sound in many respects, has weaknesses; it lacks some documentation, and it lacks risk analysis and contingency plans for highly variable program costs, which could lead to cost overruns.

**CS Staff Lost from 2004 to 2009, and Planned Staff Increases in 2011**

| Type of staff            | Number of staff in 2004 | Staff lost from 2004 to 2009 | Increase in staff based on 2011 request | Net change |
|--------------------------|-------------------------|------------------------------|---|------------|
| Foreign Service Officers | 246                     | 13                           | 59                                      | 46         |
| Locally employed staff   | 944                     | 128                          | 138                                     | 10         |
| Civil Service            | 541                     | 98                           | 71                                      | -27        |
| <b>Total</b>             | <b>1,731</b>            | <b>239</b>                   | <b>268</b>                              | <b>29</b>  |

Source: GAO analysis of Commerce data.