

SECRETARY OF STATE REX TILLERSON
STATEMENT TO THE HOUSE FOREIGN AFFAIRS COMMITTEE
ON THE FY 2018 BUDGET REQUEST
JUNE 14, 2017

Chairman Royce, Ranking Member Engel, and distinguished members of the Committee:

Thank you for the opportunity to discuss this Administration's State Department and USAID budget request for Fiscal Year 2018.

As we all know, America's global competitive advantages and standing as a leader are under constant challenge. The dedicated men and women of the State Department and USAID carry out the important and often perilous work of advancing America's interests every single day. That mission is unchanged. However, the State Department and USAID, like many other institutions here and around the world, have not evolved in their responsiveness as quickly as new challenges and threats to our national security have changed and are changing. We are challenged to respond to a post-Cold War world that set in motion new global dynamics, and a post- 9/11 world characterized by historic new threats that present themselves in ways never seen before, enabled by technological tools that we have been ill-prepared to engage. The 21st century has already presented many evolving challenges to U.S. national security and economic prosperity. We must develop proactive responses to protect and advance the interests of the American people.

In Syria and Iraq, ISIS has been greatly diminished on the ground, but there is still a substantial fight ahead to complete the job and eliminate it from the region. But the battle to ensure that ISIS and other terrorist organizations do not gain or grow footholds in other countries will continue. The fight against Islamist extremism extends to the digital world. The battle to prevent terrorists' use of the internet and other digital tools will continue to challenge us from a security and diplomatic perspective.

The regime in Iran continues activities and interventions that destabilize the Middle East: support for the brutal Assad regime, funding militias and foreign fighters in Iraq and Yemen that

undermine legitimate governments, and arming terrorist organizations like Hezbollah, which threaten our ally Israel. We and our allies must counter Iran's aspirations of hegemony in the region.

Thoughtful development and implementation of policies to ensure Afghanistan never again becomes a platform for terrorism, Pakistan does not become a proliferator of nuclear weapons, and the region is positioned for stable economic growth.

On our southern border, illegal migration from countries in the Western Hemisphere presents a risk to our security, with criminal cartels exporting drugs and violence into our communities. Almost 20,000 Americans died from overdoses of heroin or synthetic opioids in 2015, and between 90 and 94 percent of all heroin consumed in the United States comes from or passes through Mexico. While we, as Americans, must take responsibility for being the largest demand center in the world for the drug trade, stopping the cross-border flow of drugs is an essential step in protecting American lives from the catastrophic effects of drugs and the violence that follows them.

While we seek a constructive relationship with China, and in many cases are seeing signs of shared interests, their artificial island construction and militarization of facilities on features in international waters is a threat to regional stability and the economic livelihood of the United States and our allies. As a nation dependent on the free flow of commerce across the globe, we, and all other nations, have a legitimate interest in the peaceful use of international waters, and we must assert our lawful right to the use of the South China Sea and other bodies of water.

Both state and non-state actors' malicious cyber capabilities present a threat to U.S. national security, and complicate our diplomatic efforts with a surge of misinformation and interference in sovereign countries' internal governments.

With such a broad array of threats facing the United States, the FY 2018 budget request of \$37.6 billion dollars aligns with the Administration's objective of making America's security our top priority. The first responsibility of government is the security of its own citizens, and we will

orient our diplomatic efforts toward fulfilling that commitment. Within the FY 2018 request level, funding for Diplomatic Security operations will increase by approximately 11% over FY 2016. While our mission will also be focused on advancing the economic interests of the American people, the State Department's primary focus will be to protect our citizens at home and abroad.

Our mission is at all times guided by our longstanding values of freedom, democracy, individual liberty, and human dignity. The conviction of our country's Founders is enduring, that "all men are endowed by their Creator with certain unalienable rights." As a nation, we hold high the aspiration that all will one day experience the freedoms we have known. In our young administration's foreign policy, we are motivated by the conviction that the more we engage with other nations on issues of security and prosperity, the more we will have opportunities to shape the human rights conditions in those nations. History has shown that the United States leaves a footprint of freedom wherever it goes.

Ensuring the security and prosperity of the American people and advancing our values has necessitated difficult decisions in other areas of our budget. The FY 2018 budget request includes substantial funding for many foreign assistance programs under the auspices of USAID and the State Department, but we have made hard choices to reduce funding for other initiatives. But even with reductions in funding, we will continue to be the leader in international development, global health, democracy and good governance initiatives, and humanitarian efforts. If natural disasters or epidemics strike overseas, America will respond with care and support. I am convinced we can maximize the effectiveness of these programs and continue to offer America's helping hand to the world. Despite necessary reductions from FY 2017 levels, we are still devoting \$25.3 billion to foreign assistance, which accounts for over 2/3 of the State and USAID budget. This entails \$7.1 billion in security assistance programs, and \$5.6 billion, including our diplomatic engagement, to defeat ISIS and other terrorist organizations. In several other areas where we have chosen to make reductions, we will ask other donors and private sector partners to increase their support.

This budget request also reflects a commitment to ensure every tax dollar spent is aligned with the Department's and USAID's mission-critical objectives. The request focuses the State Department and USAID's efforts on missions which deliver the greatest value and opportunity of success for the American people. The State Department and USAID budget increased over 60% from FY 2007, reaching a record high \$55.6 billion in FY 2017. Recognizing that this rate of increase in funding is not sustainable, the FY 2018 budget request seeks to align the core missions of the State Department with historic funding levels. We believe this budget also represents the interests of the American people, including responsible stewardship of the public's money.

I know there is intense interest in prospective State Department and USAID redesign efforts. We have just completed collecting information on our organizational processes and culture through a survey that was made available to every one of our State and USAID colleagues. Over 35,000 surveys were completed, and we also held in-person listening sessions with approximately 300 individuals to obtain their perspective on what we do and how we do it. I met personally with dozens of team members who spoke candidly about their experiences. From this feedback we have been able to get a clearer overall view of our organization. We had no preconceived outcomes, and our discussions of the goals, priorities, and direction of the State Department and USAID were not token exercises. The principles for our listening sessions and subsequent evaluation of our organization are the same as those which I stated in my confirmation hearing for our foreign policy: we will see the world for what it is, be honest with ourselves and the American people, follow facts where they lead us, and hold ourselves and others accountable. We are still analyzing the feedback we have received, and we expect to release the findings of the survey soon. From all of this, one thing is certain: I am listening to what my people tell me are the challenges facing them and how we can produce a more efficient and effective State Department and USAID. And we will work as a team and with Congress to improve both organizations.

Throughout my career, I have never believed, or experienced, that the level of funding devoted to a goal is the most important factor in achieving it. Our budget will never determine our ability to be effective – our people will. My colleagues at the State Department and USAID are a deep

source of inspiration, and their patriotism, professionalism, and willingness to make sacrifices for our country are our greatest resources. I am confident that the U.S. State Department and USAID will continue to deliver results for the American people.

I thank you for your time, and I am happy to answer your questions.