

Capital Security Cost-Sharing Program For U. S. Government Agencies Overseas



U.S. Embassy - Kampala, Uganda

*Overseas Buildings Operations
U. S. Department of State*



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Capital Security Cost-Sharing Program

This briefing covers --

- **Why we need this Program**
- **How the Program got started**
- **What the Program will achieve**
- **How the Program will be administered**
- **What the Program will cost each agency**
- **How each agency can participate in decisions**



The Need: Secure, Safe, Functional Workplaces

- **To protect US Government employees in case of attack**
 - **Over 61,000 employees from 30 agencies work under Chief of Mission (COM) authority at 251 embassies and consulates**
 - **Most embassy and consulate facilities do not meet current security standards**
- **To provide US Government employees safe, functional working space**
 - **Most embassies and consulates are overcrowded, antiquated, and do not meet current safety or functional standards**



NEC Building Program

- **U.S. Government's overall security construction requirement for New Embassy [and consular] Compounds (NECs) is**
 - **a capital construction program totaling \$17.5 billion**
 - **funding over the 14 years FY05-18**
 - **replacement of 150 NECs to meet security needs**
- **After the 5-year phase-in period, annual funding will be \$1.4 billion, all from the Capital Security Cost-Sharing (CSCS) Program**
- **CSCS Program charges will be used exclusively for NEC construction, not for maintenance, renovation, or other security enhancements**



Impetus for the Administration's Cost-Sharing Program

- Overseas Presence Advisory Panel (OPAP) Report, 1999, stresses rightsizing & all agencies sharing capital costs.
- Secure Embassy Construction & Counterterrorism Act, 1999, mandates co-location of staff under COM authority.
- President's Management Agenda, 2002, (p.62-63) calls for
 - establishing mechanisms to link agency policies on overseas presence
 - integrating rightsizing into workforce plans
 - linking personnel assignment to construction planning.
- Foreign Relations Authorization Act 2004-05 passed by the House (H.R.1950, July '03) includes Cost-Sharing.



CSCS Program Concept

- Agencies contribute their fair share of an accelerated program for secure, safe, functional workspace.
- The CSCS Program provides a steady and predictable source of capital with minimal administrative staff.
- The CSCS charges are per capita and world-wide; every position under Chief Of Mission authority everywhere is included.
- The per capita charge creates a new incentive for agencies to rightsize every one of their overseas positions in furtherance of the President's Management Agenda rightsizing initiative.



Refinements to the Program

(revisions since October 2002 in response to agency comments)

- **Four cost sharing position categories, not two:**
 - **Chief Of Mission (COM) positions - new**
 - **Controlled Access Area (CAA) positions**
 - **non-CAA office positions**
 - **other positions at post (not in office space) - new**
- **Updated survey and cost calculations**
- **Positions in host government and research facilities exempted**
- **Short-term office lease payments allowed as a credit**
- **ICASS allocated its cost share**
- **Expanded processes for agency participation**
- **Opportunity to reduce position count by abolishing unfilled positions after initial estimate of CSCS charges.**



Counting Overseas Positions

- **State conducted a comprehensive survey to identify the number and type of cost-sharing overseas positions at each post in Spring 2003 and will repeat it every two years.**
- **Adjustment will be made between surveys if an agency documents reductions in positions.**
- **Every position that will be brought into an NEC is counted, regardless of current location, unless it is likely to qualify for a co-location waiver. In particular FCS, FAS, public diplomacy, and other offices currently located in commercial space are counted.**
- **Peace Corps staff, Marine Security Guards, and positions permanently stationed in host government facilities or specialized research or technical facilities are not counted.**



How many overseas positions will share costs?

- **Data from State's 2003 survey and consultations with overseas Departments and agencies shows 61,413 authorized cost-sharing positions overseas:**
 - **251 COMs (in CAA space)**
 - **8,432 office CAA positions**
 - **30,850 office non-CAA positions**
 - **21,880 non-office positions**
- **“Authorized cost-sharing positions” includes every position for which space would be provided in a NEC: direct-hire Americans, Locally Employed Staff (LES), contractors, and continuing part-time staff and temporary duty (TDY) positions.**



Four Categories of Positions

- The Program distinguishes four categories of positions:
 - COM positions - pay more because they occupy larger CAA space than other offices [only paid by State]
 - Controlled Access Area (CAA) positions - pay more than non-CAA office positions because their space is significantly more expensive to build
 - Non-CAA office positions - the “standard” office, charged according to typical construction costs
 - Non-office positions - need fewer facilities and are charged less than non-CAA office positions



Calculation of Per Capita Cost Shares from Prototype NEC

<u>Type</u>	<u>Percent*</u>	<u>Positions**</u>	<u>Annual Revenue</u>	<u>\$/Capita</u>
COM	3.8%	251	\$ 52,467,451	\$209,034
CAA	33.2%	7,840	465,052,406	59,318
Non-CAA	56.2%	27,957	786,814,277	28,144
Non-office	<u>6.8%</u>	<u>19,366</u>	<u>95,665,866</u>	4,940
	100.0%	55,414	\$1,400,000,000	

* of typical NEC construction cost

** based on 2002 survey of positions

To facilitate budget planning and encourage rightsizing, the per capita charges are fixed for FY05-07



Overseas Positions By Agency

AGENCY	COM	CAA	NON-CAA	NON-OFFICE	TOTAL
AGRICULTURE DEPARTMENT	0	497	28		525
AM BATTLE MONUMENTS COMM***	0	[42]	0		0
BROADCAST BOARD OF GOVERNORS	0	2	0		2
COMMERCE DEPARTMENT	14	1,191	71		1,276
DEFENSE DEPARTMENT	1,291	568	209		2,068
DEFENSE SECURITY COOPERATION AGENCY	86	340	27		453
ENERGY DEPARTMENT	2	25	0		27
ENVIRONMENTAL PROTECTION AGENCY	0	3	0		3
EX-IM BANK	0	1	0		1
FOREIGN BROADCAST INFO SERV (est.)	1	107	1		109
GENERAL SERVICES ADMINISTRATION	0	5	0		5
HEALTH & HUMAN SERVICES	2	139	78		219
HOMELAND SECURITY	144	561	45		750
ICASS	283	11,260	13,220		24,763
INTERIOR DEPARTMENT	0	6	0		6
JUSTICE DEPARTMENT	758	276	49		1,083
LIBRARY OF CONGRESS	0	193	9		202
NASA	0	31	0		31
NATIONAL SCIENCE FOUNDATION	0	6	0		6
NUCLEAR REGULATORY COMMISSION	0	1	0		1
OVERSEA PRIVATE INVESTMENT CORPORAT	0	1	0		1
PEACE CORPS	0	0	0		0
SOCIAL SECURITY ADMINISTRATION	0	24	0		24
STATE	251	5,826	10,054	7,000	23,131
TRANSPORTATION DEPARTMENT	0	94	0		94
TREASURY DEPARTMENT	24	61	4		89
US TRADE & DEVELOPMENT AGENCY	1	0	0		1
US TRADE REPRESENTATIVE	0	21	1		22
USAID	0	5,316	1,113		6,429
VETERANS AFFAIRS	0	67	25		92
TOTAL	251	8,432	30,850	21,880	61,413

*** not included in FY05 President's Budget





NEC Staff Adjustment Charge

- **When a Department or agency has projected staffing levels that exceed its current authorized staffing at a post where an NEC has already been budgeted, the projected positions are counted and charged even though they are not yet authorized positions.**
- **This NEC Staff Adjustment Charge is added in the first fiscal year after the date the staff projection was used for determining the NEC size, configuration, and budget.**
- **The rationale for this charge is that it encourages careful, realistic projections by agencies and avoids oversized NECs.**
- **GAO reported in 2003 that NEC staffing level projections have not not been prepared in a disciplined, realistic manner. State published guidance on procedures for rightsizing projected NEC staffing to meet this concern.**



Allocation of ICASS Cost-Share Charges

[allocates ICASS share in same proportion as services used in FY03]

AGENCY	ICASS SERVICE CHARGES (000s)	% OF ICASS SERVICES	FY05 CHARGES FOR ICASS COST-SHARE POSITIONS (000s)
1 STATE	\$711,280	72.51599%	\$60,091
2 DEFENSE	\$88,456	9.01825%	\$7,473
3 US AGENCY FOR INTERNATIONAL DEVELOP	\$44,674	4.55457%	\$3,774
4 JUSTICE	\$29,455	3.00295%	\$2,488
5 HOMELAND SECURITY	\$25,273	2.57659%	\$2,135
6 COMMERCE	\$22,805	2.32501%	\$1,927
7 DEFENSE SECURITY COOPERATION AGENC'	\$14,627	1.49126%	\$1,236
8 AGRICULTURE	\$10,955	1.11692%	\$926
9 HEALTH AND HUMAN SERVICES	\$9,055	0.92313%	\$765
10 PEACE CORPS	\$4,926	0.50226%	\$416
11 BROADCASTING BOARD OF GOVERNORS	\$3,440	0.35073%	\$291
12 TREASURY	\$2,939	0.29960%	\$248
13 TRANSPORTATION	\$2,729	0.27820%	\$231
14 FOREIGN BORADCAST INFORMATION SERVI	\$2,136	0.21775%	\$180
15 SOCIAL SECURITY ADMINISTRATION	\$1,792	0.18272%	\$151
16 LIBRARY OF CONGRESS	\$1,236	0.12605%	\$104
17 US TRADE REPRESENTATIVE	\$1,108	0.11296%	\$94
18 ENERGY	\$994	0.10134%	\$84
19 NASA	\$829	0.08447%	\$70
20 VETERANS AFFAIRS	\$668	0.06809%	\$56
21 AM BATTLE MONUMENTS COMM***	\$431	0.04391%	\$36
22 INTERIOR	\$335	0.03418%	\$28
23 ENVIRONMENTAL PROTECTION AGENCY	\$234	0.02389%	\$20
24 NATIONAL SCIENCE FOUNDATION	\$166	0.01690%	\$14
25 US TRADE AND DEVELOPMENT ADMINISTRA	\$132	0.01351%	\$11
26 NUCLEAR REGULATORY COMMISSION	\$91	0.00928%	\$8
27 OVERSEAS PRIVATE INVESTMENT CORP	\$49	0.00502%	\$4
28 EX-IM BANK	\$32	0.00326%	\$3
29 GENERAL SERVICES ADMINISTRATION	\$12	0.00121%	\$1

*** not included in FY05 President's Budget





Five Year Phase-in for Cost-Sharing

FUNDING FOR THE NEC CONSTRUCTION PROGRAM (000s)

OMB-DOS MODEL [May 2003]

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Total DOS	761,400	785,320	810,240	835,160	860,080	886,000
[Regular Approp.	641,400	608,320	456,240	304,160	151,080	-]
[Cost-Sharing	120,000	177,000	354,000	531,000	709,000	886,000]
Other Agencies	<u>0</u>	<u>102,800</u>	<u>205,600</u>	<u>308,400</u>	<u>411,200</u>	<u>514,000</u>
TOTAL CSCS	120,000	279,800	559,600	839,400	1,120,200	1,400,000
TOTAL for NECs	761,400	888,120	1,015,840	1,143,560	1,271,280	1,400,000

CURRENT PROJECTION [assumes no staffing change in FY06-07; recalculation in FY08]

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Total DOS	761,400	785,320	810,240	835,160	887,280	920,000
[Regular Approp.	641,400	622,672	436,221	252,489	151,280	-]
[Cost-Sharing	120,000	162,648	374,019	582,671	736,000	920,000]
Other Agencies	<u>0</u>	<u>83,672</u>	<u>192,438</u>	<u>301,205</u>	<u>384,000</u>	<u>480,000</u>
TOTAL CSCS	120,000	246,320	566,457	883,875	1,120,200	1,400,000
TOTAL for NECs	761,400	868,992	1,002,678	1,136,365	1,271,280	1,400,000



Phase-in of Agency Shares - FY05-07

AGENCY <i>[ranked by FY05 share (000s)]</i>	FY05 (20%) Actual	FY06 (40%) Estimate	FY07 (60%) Estimate
State Department	162,648	374,019	582,671
Defense Department	27,061	54,122	81,183
USAID	20,250	55,758	91,266
Justice Department	13,516	27,031	40,547
Homeland Security Department	7,630	15,261	22,891
Commerce Department	4,539	13,649	22,758
Defense Security Cooperation Agency	3,554	7,751	11,948
Library of Congress	1,200	2,399	3,599
Treasury Department	1,037	2,074	3,111
Health & Human Services	970	2,618	4,266
Foreign Broadcast Info Service	768	1,535	2,303
Agriculture Department	581	4,481	8,381
Veterans Affairs Department	458	917	1,375
Peace Corps	416	832	1,249
Broadcasting Bd of Gov	302	604	906
Social Security Administration	287	573	860
Energy Department	248	497	745
NASA	244	489	733
US Trade Representative	213	426	638
Transportation Department	156	916	1,676
National Science Foundation	65	129	194
Interior Department	38	100	162
Environmental Protection Agency	37	73	110
General Services Administration	35	70	104
US Trade & Development Agency	23	46	69
Nuclear Regulatory Commission	19	38	57
Overseas Private Investment Corp	16	32	48
Ex-Im Bank	8	17	25
ICASS [already distributed in shares above]	[82,866]	[165,731]	[248,597]
TOTAL	246,320	566,457	883,875
AGENCIES OTHER THAN STATE	83,672	192,438	301,205





Cost-Sharing in the President's FY04 and FY05 Budgets

- **CSCS began as a “virtual” \$120 million Program in the President’s FY04 Budget. It was all included in State’s Embassy Security Construction account.**
- **The President’s FY05 Budget includes \$869 million for NEC construction. The CSCS Program generates \$163 million from State and \$84 million from other agencies in FY05. State’s direct FY05 budget for NECs covers the remaining \$623 million.**
- **Funding and legislation for this interagency transfer of funds are included in the President’s FY05 Budget.**



AGENCY PARTICIPATION

Setting Agency Cost Shares

- **The Billing Process:**

Each agency's share is calculated from

- (1) the number and type of its authorized overseas positions through the Survey and consultations with agencies,
 - (2) the per capita charges from construction costs [held constant for FY05-07] and total number of positions,
 - (3) the NEC Adjustment charges, if increases in positions have been projected at already-budgeted NECs,
 - (4) ICASS pass-through charges and rent credit
- Agencies must document position elimination, rent credit, and waiver eligibility.

- **Challenge Procedures**

- (1) OBO will carefully evaluate any challenges to survey results or other calculations.
- (2) OMB will participate when disputes need its attention.



AGENCY PARTICIPATION

Setting Priorities Among Posts for NECs

September - October: Agencies tell the DOS Regional Bureaus which posts they would like added to the *Priority List of Diplomatic Facilities for Replacement*. Regional Bureaus consider agency views as they recommend posts to promote to the *Top 80* on the Priority List.

March - April: Agencies tell the Regional Bureaus which posts among the *Top 80* should go first in the *Long-Range Overseas Buildings Plan (LROBP)*. Regional Bureaus consider agency views as they recommend their highest priorities for the *LROBP* among the *Top 80* posts.

Factors considered include relations with host governments, regionalization goals, and operational and functional concerns.



AGENCY PARTICIPATION

Getting the NEC Space Right

December: OBO asks each post already scheduled for a NEC in the *LROBP* to give State's Regional Bureau rightsized staff projections. Post Management Officer and Country Team assemble staff projections for all agencies. Agency representatives at the post certify approval of the projection.

January - February: Agency HQs review staff projections and State Regional Bureaus certify that they considered regionalization and rightsizing objectives.

February - March: Space Requirement Plans (SRPs) that identify specific needs in each facility are developed before Congress appropriates funds. Draft SRPs are circulated to agencies at post and HQ for input.



Summary:

The Capital Security Cost-Sharing Program

- **Accelerates the provision of secure facilities overseas**
- **Promotes President's Management Agenda Rightsizing Initiative**
- **Is consistent with OMB direction, OPAP recommendation, and pending legislation**
- **Shares full capital security costs among all agencies**
- **Provides a steady source of capital security funding**
- **Is equitable and simple to administer**



Everyone Benefits from the CSCS Program

- **It funds an accelerated \$17.5 Billion Capital Security Construction Program -- 14 years to build 150 secure New Embassy Compounds, a reduction of 12 years from the plan without the CSCS Program.**
- **It allows Congress, agencies, and the public to see the capital cost of stationing personnel overseas.**
- **It causes all agencies to**
 - **help fund overseas facilities**
 - **consider the full cost of stationing personnel overseas and rightsize their staffing.**



Capital Security Cost-Sharing Program

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