

INFORMATION MEMORANDUM  
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TO: All Participants on the Interagency Facilities Committee

FROM: Samuel Bleicher, Director, New Initiatives Division, OBO/PD/NID

SUBJECT: DRAFT FOR FINAL REVIEW on FY04 Guidance on the Capital Security Cost-Sharing Program Charges for FY06 – Counting Authorized Positions, Assigning Positions to Categories, and Calculating Charges for Each Agency

In preparation for calculation of the FY06 charges, and in response to comments from the January 30, 2004 meeting of the Interagency Facilities Committee (IFC), OBO incorporated substantial textual changes to the FY04 Guidance on the Capital Security Cost-Sharing Program Charges for FY06.

Because OBO made substantial changes to the text, we are posting the final revision on the Interagency Facility Committee's Web page to ensure that it correctly communicates the Program parameters. You will find the link to the new text at <http://www.state.gov/obo/c10964.htm>

If you find anything that needs correction, please email Deborah Lucey at [LuceyDG@state.gov](mailto:LuceyDG@state.gov) by Wednesday March 31, 2004.

Thank you for your cooperation in this effort.

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**ACTION MEMORANDUM**  
**S/ES**

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TO: All Agencies with an Overseas Presence under Chief of Mission Authority

FROM: Grant S. Green, Jr.

SUBJECT: FY04 Guidance on the Capital Security Cost-Sharing Program Charges for FY06 – Establishing Standards, Counting Authorized Positions, Assigning Positions to Categories, and Calculating Charges for Each Agency

**BACKGROUND**

This guidance, prepared and approved by the Department of State and the Office of Management and Budget, explains the rationale, standards, definitions, and criteria for identifying positions and categorizing them to determine the charges payable by each Department and Agency under the Capital Security Cost-Sharing (CSCS) Program. The State Department intends to adopt this Guidance as a part of the Foreign Affairs Manual at the appropriate time.

The CSCS Program is designed to

- (1) generate \$17.5 billion over 14 years to accelerate the construction of approximately 150 new secure, safe, functional diplomatic and consular office facilities for all U.S. Government personnel overseas, and

- (2) provide an incentive for all Departments and agencies to rightsize their overseas staff by taking into account the capital costs of providing facilities for that staff.

To achieve these objectives the CSCS Program imposes a per capita charge for (a) each authorized overseas position for which facilities must be provided and (b) each projected position above current authorized positions in those New Embassy Compounds (NECs) for which the budget has already been established based on the number of projected positions. CSCS Program charges from ICASS positions are also passed through to agencies on the basis of their use of ICASS services. Agencies receive a Rent Credit each year for rent when the existing diplomatic facilities are not able to accommodate their overseas personnel. This Credit recognizes the extra burden the agency is currently carrying.

Unless otherwise specified, every reference to “agency”, “agencies”, or “Department or Agency”, comprises all agencies with an overseas presence, including the State Department and ICASS, and the same standards and guidance apply to the extent allowed by law.

To ensure good governance and sound management, the CSCS Program will be administered in accordance with the direction of Congress and the principles of fairness, transparency, and equity.

- Fairness requires that the charges assessed to each agency will be generated on the basis of a consistent, standardized formula. The State Department will not negotiate or adjust agency charges on any other basis.
- Transparency. Implementation of the CSCS Program will be transparent to all agencies, as well as Congress and the public. The State Department will make diligent efforts to communicate relevant information and share documents establishing Program policies, procedures, and results. It will make all relevant information relating to the Program available to agencies upon request. Each agency may examine the charges and position count data for other agencies. The CSCS Program will be administered using unclassified data to the fullest extent possible.

- Equity. All agencies will be treated equally in the CSCS Program. All agencies will enjoy with equal rights of access to data and appeal procedures.

While the CSCS Program is separate from the State Department programs and mechanisms for establishing NEC priorities in the Long-Range Overseas Buildings Plan, projecting positions in NECs, and allocating space in existing and proposed NECs, the State Department recognizes that the CSCS Program's requirement that all agencies share in the funding of NECs is a further impetus for allowing all agencies to participate fully in those processes.

In order to implement the CSCS Program, each Department and Agency's existing or authorized overseas positions must be identified and categorized as being located in classified office space, non-classified office space, or non-office space. Positions located outside the embassy or consulate for reasons unrelated to the availability of office space are not subject to CSCS Program charges, but it is important to tabulate these positions to facilitate verification of the count.

The Department of State sent out a survey cable in March 2003 that directed every post to submit listings of all existing positions and all other positions authorized under NSDD-38 or otherwise that were under the authority of the Chief of Mission as of January 1, 2003. The State Department shared and discussed that information with the agencies to confirm its accuracy. The definitions of authorized position and the categories in this Memorandum are refinements of the instructions to posts in the March 2003 survey cable.

Through this process, the Department of State reached agreement with agencies on the number of their existing or authorized positions as of January 1, 2003, and established the amounts of the FY05 CSCS charges. These results were confirmed in letters from the Department's Chief Financial Officer to each Department and agency in October 2003. Because some agencies had not eliminated old authorized positions on the rolls as of January 1, 2003 that they never intend to fill, all agencies were given until June 2004 to document the elimination of such positions.

The State Department is not conducting a complete new survey in FY04 for development of the data for the FY06 CSCS charges. It is, however,

reviewing the survey data and comparing it to the final agreed FY05 numbers of positions for the purpose of identifying posts where a repeat survey would be desirable to ensure accuracy. In addition, the State Department is exploring mechanisms for gathering full individual position data in a single format, which it can use for NEC budget, staffing, and space allocation planning.

## **FUNDAMENTAL POLICY**

The underlying rationale that guides decisions on whether to count a position and how to categorize it for purposes of calculating the CSCS charges is whether the position will need space (and what kind of space) in a NEC when it is built. At many posts, U.S. Government personnel are scattered among several locations, on and off the embassy grounds, for reasons of history or inadequate space in existing diplomatic facilities. The Secure Embassy Construction and Counterterrorism Act of 1999, however, requires the collocation of all U.S. Government personnel at a post on the NEC unless the Secretary of State and the head of the relevant Department or Agency both approve a waiver. Accordingly, except in those few cases where waivers have been or are likely to be granted – for example, U.S. Government employees who must work in host-government office buildings to accomplish their mission – all U.S. Government personnel and vacant authorized positions will be counted for CSCS Program purposes.

## **COUNTING POSITIONS AND ASSIGNING POSITIONS TO CATEGORIES**

- 1. Positions Counted.** The count comprises total existing or authorized positions, i.e. the total of both filled and currently unfilled positions, including permanent TDY positions. It includes direct-hire American positions and all locally employed staff (LES) (which includes Foreign Service Nationals (FSNs), Third Country Nationals (TCNs), local Personal Services Contractors (PSCs), part-time, intermittent, and temporary staff (formerly PITs), continuing temporary duty (TDY) positions, and spouse employment positions), contractors working in U.S. Government-owned or -leased facilities, and any others working in U.S. Government facilities. Part-time and temporary positions are counted in accordance with the ICASS policy on temporary duty positions. Each

authorized position is counted only once, even if it arguably falls in more than one of the categories below, unless the position occupies multiple offices simultaneously. For non-office positions that are staffed on more than one shift (e.g., security guards, drivers), the count will be adjusted upon request of the agency to reflect the fact that facilities needs are not increased by additional shifts.

2. **Which Agency Pays.** Many agencies conduct programs that are "cross-funded;" i.e., the funds do not come from that agency's primary budget account. The premise of the CSCS Program is that the agency that is listed as the employer of an individual [or the unfilled position] is the one that should initially bear the fiscal responsibility for the capital cost for accelerated construction of new facilities. If an agency needs a larger reimbursement in order to support the CSCS Program cost of the cross-funded activities at the appropriate level, it should include the CSCS charges in its request to the funding agency in the same manner as an increase in travel, salaries, or other expenses.

This policy keeps the administration of the CSCS Program simple. The State Department cannot easily trace the funding of every agency's overseas programs. It also encourages rightsizing, because the employing agency and its cross-funding partner have the best control over personnel levels, the best understanding of the programmatic choices involved, and the strongest incentive to resolve the budgetary issues in a rational manner.

### 3. **Categories of Positions**

- **COM Positions.** Each post has one Chief of Mission (COM) position, which is assigned to the Department of State. Because the COM space is more elaborate than the space of other personnel, a higher per capita charge applies.
- **CAA Office Positions.** This category comprises authorized positions that need to be able to operate inside a controlled access area. The controlled access area (CAA) is that portion of the mission facilities in which the handling of classified information is authorized. Although an individual may be cleared for access to classified information, the position only counts as a CAA position if CAA space has been

allocated to it. In some cases, several representatives of an agency will work outside CAA space but share one or more desks within the CAA to conduct their work. If the NEC design would need to provide one or more CAA desks to that agency for its use, an equal number of positions will count as CAA positions.

- **Non-CAA Office Positions.** This category comprises existing or authorized office positions operating, or intended to operate, at a desk, office, or workstation in USG-owned or -leased mission facilities but outside of the CAA. A support supervisory position that occupies a desk or workstation (e.g., chief of motor pool) should be included as an office position. If a position has a desk, office, or workstation assigned to it, it should be counted as an office position regardless of the amount of time the current incumbent actually spends working at the desk.
- **Non-Office Positions.** This category comprises existing or authorized "non-office" positions operating, or intended to operate, on the premises of USG-owned or -leased mission facilities. Non-office positions include custodians, laborers, warehouse staff, gardeners, drivers, etc. who do not have an assigned desk, office, or workstation. As noted above, counts will be adjusted to reflect the use of the same facilities by multiple shifts where they occur.
- **Outside Embassy Positions.** (1) This category comprises authorized positions that, in order to do their work, must be located in non-USG-owned or -leased facilities or other non-mission facilities (e.g., at airports and seaports, in government ministries, at memorials, at universities, etc.). Often the host government provides this space. For purposes of the CSCS Program, the Department of State is assuming that such positions will receive Secretarial waivers from the collocation requirement when the NEC for that post is built. (2) This category also includes positions that do not perform diplomatic or administrative work, such as research scientists in laboratories or technicians at antenna fields. Since such positions would not be included in the count of positions to be provided space on a NEC, there is no CSCS Program charge for them. (3) Peace Corps professional staff positions are listed in the survey but are not counted for CSCS cost-sharing because of Congressional guidance that they should not be required to collocate on the NEC. (4) Positions located in cities that do not have diplomatic

posts are not counted, because no NEC or other State Department facility is contemplated for such locations. (5) Positions that currently occupy leased space in mission annex buildings are not thereby Outside Embassy positions, because they are considered part of the mission and will be counted when the Department determines the appropriate size for a NEC. Positions in annex buildings, even if the building is leased or wholly occupied by one agency, should be listed as CAA, Non-CAA Office, or Non-office positions.

- **Marine Security Guards.** Marine Security personnel, including commanders and local-hire staff, are not included in the authorized position counts. The Marines protect all USG classified activities at the post, and everyone benefits from their presence. The size of the Marine Security Guard contingent at any particular post is driven entirely by security needs, and the usual right-sizing considerations do not apply. The State-DoD Memorandum of Understanding on Marine Security Guards specifically excludes any payments or reimbursements to the Department of State for provision of physical facilities at NECs.

**3. NEC Staff Adjustment Charge.** The fundamental building block for planning an NEC is the projected number and types of positions that must be accommodated in the new facilities. The Department of State and OMB request, and Congress allocates, funds to particular NEC projects on the basis of these projections, which are the product of a process that requires approval from each agency's headquarters. To encourage careful, realistic projections of staffing, when an agency projects NEC positions that exceed its current existing or authorized positions at a post already scheduled and budgeted for a NEC, the projected positions will also be counted and charged the cost-sharing charge as if they already existed as authorized positions. Approximately 40 NECs are already in various stages of design and construction with funds already appropriated by Congress or requested in the President's Budget. Increases at a proposed NEC may not be netted against projected reductions in NEC staffing at another post unless the reductions have been approved by agency headquarters and incorporated into the projections and budgeting for that post before funding is requested from Congress. Otherwise, the projected reductions will not benefit the agency until the year they actually occur.

The NEC Staff Adjustment Charge for a given facility begins in the first fiscal year following the date the projection is used for determining the size,



configuration, and budget for the NEC. That year is typically the year that the Department submits the project to OMB for inclusion in the President's budget. The list of NECs to which the NEC Staff Adjustment Charge will apply is attached.

These positions will be allocated to the four categories using the same criteria described above. The amount of the NEC Staff Adjustment Charge for these projected positions is the same as the corresponding CSCS Program charge for existing positions.

## **CALCULATING THE CSCS PROGRAM CHARGES FOR EACH AGENCY**

**1. Basic Charge.** Once the number and type of authorized positions and NEC staff adjustment positions have been established, calculating the basic charges is straightforward. The Department of State and OMB have agreed on the following per capita charges, which will remain unchanged for Fiscal Years 2005-07 regardless of changes in the number of overseas positions. Please note that it is the per capita charge, not the total amount of the agency's bill, that remains fixed. The total will vary directly with changes in the number of authorized overseas positions.

\$ 209,034 per capita	for COM space
\$ 59,318 per capita	for CAA space
\$ 28,144 per capita	for non-CAA space
\$ 4,940 per capita	for non-office space

Outside embassy positions, as described above, are not charged.

**2. Phase-In.** These charges will be phased in over five years, with the FY05 per capita charges being 20% of the amounts above; FY06, 40%; FY07, 60%; FY08, 80%; and FY09, 100%. For Fiscal Year 2006, the per capita charges are

\$ 83,614 per capita	for COM space
\$ 23,727 per capita	for CAA space
\$ 11,258 per capita	for non-CAA space
\$ 1,976 per capita	for non-office space

**3. ICASS Pass-Through.** ICASS positions are listed and counted like all other agencies, but its costs are ultimately the joint responsibility of the participating agencies. ICASS has decided to pass through its CSCS Program charges for ICASS positions, like other indirect costs, to agencies at the headquarters level on the basis of the same percentage as overall use of ICASS services. The State Department will include each agency's share of ICASS CSCS Program charges on the same invoice as the other CSCS Program charges. Accordingly, each agency's invoice will include a line showing its share of the CSCS Program charges allocated to ICASS.

**4. NEC Staff Adjustment Charge.** The NEC Staff Adjustment Charge will also be displayed on each agency's invoice as a separate line to facilitate understanding of the basis for the calculation of the charges.

**5. Rent Credit.** Each agency that is paying rent for office space for existing or authorized positions that are counted and included in the CSCS Program charges are given credit for the amount of rent it actually paid in the year in which the count of authorized positions occurred. This amount is the net rent paid, not including maintenance, utilities, or other expenses. Each agency must take the initiative to claim and document the amount of rent it is obligated to pay that year, with sufficient specificity that the rent can be verified in Overseas Buildings Operations (OBO) records. The full amount of the Rent Credit will be applied against the total amount of CSCS Program charges, thereby reducing the agency's obligation.

## **PROCEDURES FOR RESOLUTION OF DIFFERENCES**

**1. Initial Review by State.** After each agency receives its OBO survey and NEC Staff adjustment data, it may submit a request for corrections to its existing or authorized position lists and claims for rent credit. Whenever possible, the agency should first verify its corrections with its representatives at the affected posts, who should coordinate with the Post Management Officer. OBO will review the requested corrections, meet with the agency, discuss the differences, and seek to resolve them either through direct discussions or by communicating with posts about discrepancies in the data. Senior OBO officials will review the agreements and provide guidance on resolving any remaining differences.

**2. Final Review by OMB.** To the extent that differences cannot be resolved through discussions between OBO and the agency, or, if the issue is a matter of general applicability, through a working group of the Interagency Facilities Council, OBO and the agency will present their respective views in writing to the appropriate OMB staff, and OMB will facilitate the final resolution of the differences.

Attachment: List of Addressees