



# Capital Security Cost-Sharing Program

Operated by the Overseas Buildings Operations Bureau  
of the Department of State

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[www.state.gov/obo/c11275.htm](http://www.state.gov/obo/c11275.htm)





# ***The Capital Security Cost-Sharing Program***

This presentation covers --

- A. The need for new facilities
- B. The Cost-Sharing Program's function & origin
- C. Cost-Sharing principles & components
- D. Calculating cost-sharing charges
- E. Charges for FY08, and FY09
- F. Summary and contacts



## ***The Need for New Facilities: Secure, Safe, Functional Workplaces***

- Over 80,000 U.S. Government employees from 30 Departments and independent agencies (“agencies”) work under Chief of Mission authority at 324 embassies, consulates, and other locations.
- Most embassy and consulate facilities do not meet current security standards that would protect employees in case of attack.
- Most embassy and consulate facilities are overcrowded, antiquated, and do not meet current safety or functional standards.



## ***Impetus behind the Cost-Sharing Program***

- The 1999 Overseas Presence Advisory Panel (OPAP) Report stresses universal right-sizing & all agencies sharing the capital costs for new facilities.
- The Secure Embassy Construction & Counterterrorism Act of 1999 mandates collocation of staff under COM authority in NECs.
- The 2002 President's Management Agenda (p.62-63) calls for
  - establishing mechanisms to link agency policies on overseas presence.
  - integrating right-sizing into workforce plans.
  - linking personnel assignment to construction planning.



## ***The NEC Building Program***

- The President and Congress approved a program in FY2005 to construct secure, safe, functional new embassy and consulate compounds (“NECs”):
  - \$17.5 billion of capital construction
  - replacement of 150 NECs to meet security needs
  - funding over 14 years (FY05 - FY18)
- The Capital Security Cost-Sharing (CSCS) Program funds the NEC construction program by contributions from all agencies, including the State Department and ICASS, in proportion to their overseas presence.
- Currently in the last year of the initial 5-year phase-in, the Program provides annual funding of \$1.4 billion. These funds are used exclusively for NEC construction - not for renovation, maintenance, or other security enhancement projects.



## ***Legal Authority for the Cost-Sharing Program***

### **(e) CAPITAL SECURITY COST SHARING.—**

- (1) AUTHORITY.—**Notwithstanding any other provision of law, all agencies with personnel overseas subject to chief of mission authority . . . shall participate and provide funding in advance for their share of costs of providing new, safe, secure United States diplomatic facilities, without offsets, on the basis of the total overseas presence of each agency as determined annually by the Secretary of State in consultation with such agency. Amounts advanced by such agencies to the Department of State shall be credited to the Embassy Security, Construction and Maintenance account, and remain available until expended.
- (2) IMPLEMENTATION.—**Implementation of this subsection shall be carried out in a manner that encourages right-sizing of each agency's overseas presence.
- (3) EXCLUSION.—**For purposes of this subsection 'agency' does not include the Marine Security Guard.

***Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999, added by the FY2005 Consolidated Appropriations Act, Division B, P.L. 108-447, December 8, 2004***



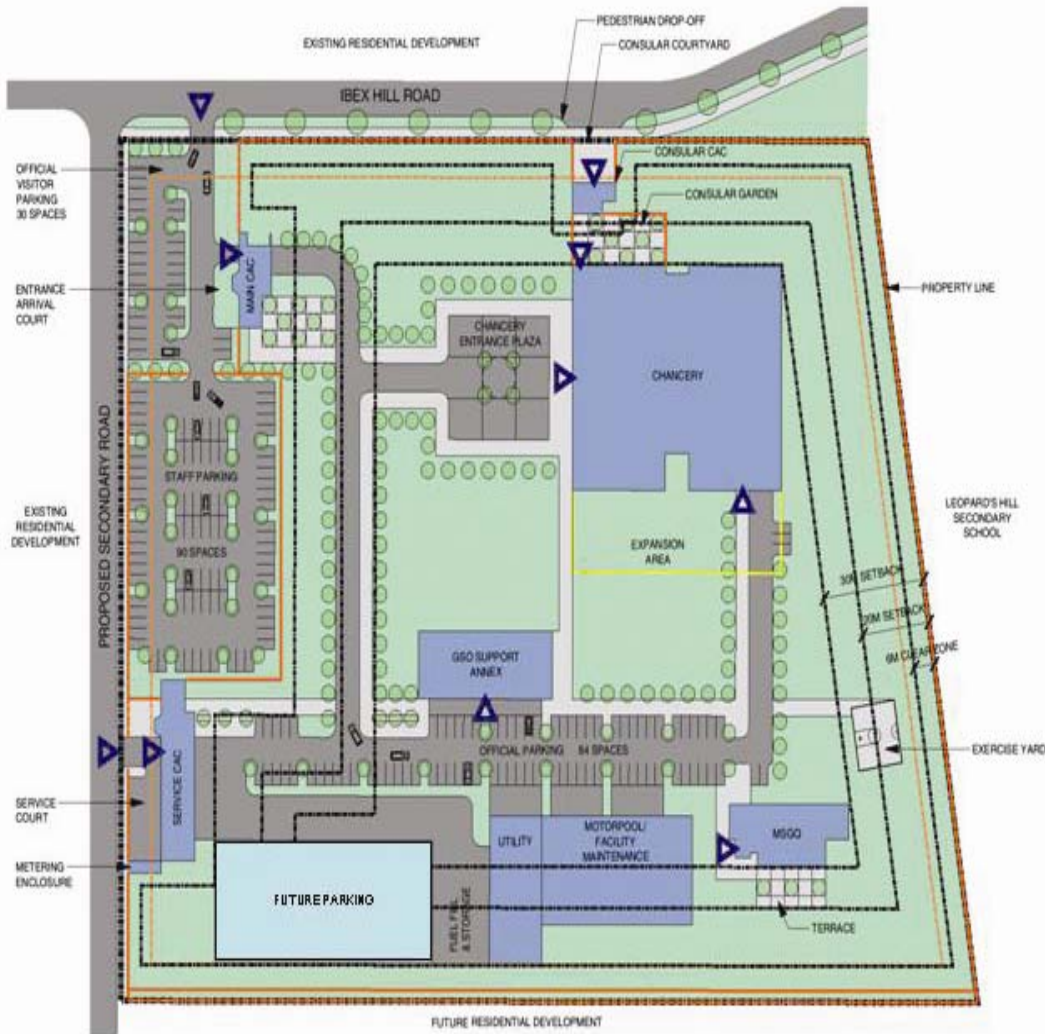


## ***The Cost-Sharing Law in English***

- All agencies with personnel overseas subject to Chief of Mission authority shall provide funding in advance for their share of the cost of providing new, safe, secure diplomatic facilities
  - on the basis of the total overseas presence of each agency.
  - as determined annually by the Secretary of State in consultation with such agency.
- Implementation shall be carried out in a manner that encourages right-sizing of each agency's overseas presence.
- New diplomatic facilities may not include space for any agency that has not provided the full amount of its funding share as required by this program.



## Concept: 21<sup>st</sup> Century NECs



- Chancery building
- General Services building
- Marine Security Guard Quarters
- Utility systems & parking
- Recreation center
- Perimeter Security System
  - Compound Access Control (CAC) system
  - Personnel Access Control (PAC) system
  - Nine foot anti-climb/anti-ram wall with lights
  - Surveillance equipment





## ***Realization: Accra, Ghana NEC***



***Project completed in 2007***





## ***CSCS Program Principles***

- Each agency contributes a fair share to fund an accelerated construction program for secure, safe, functional workspace.
- The CSCS Program provides a steady and predictable source of capital for NEC construction.
- The Program operates at the HQ level with minimal staff. Posts, agency bureaus, and ICASS are not required to track or transfer funds.
- The charges are allocated per capita and worldwide; every existing and planned position under Chief Of Mission authority is counted.
- This allocation method creates a further incentive for agencies to right-size every one of their overseas positions in support of the President's Management Agenda.



## ***Calculating the CSCS Charges Components of the Charges***

1. Current Authorized Positions Charge
2. NEC Projected Staff Charge
3. ICASS Pass-through Charge
4. Rent Credit



# **Calculating the CSCS Charges**

## **1. Current Overseas Positions Charge**

- This charge is *per capita*, worldwide, in different amounts for four different types of positions.
- Every authorized cost-sharing position that will have space in an NEC is counted, whatever its current location or employment status: direct-hire Americans, Locally Employed Staff (LES), contractors, and continuing part-time and temporary duty (TDY) positions.
- CSCS position data is collected from the PASS system which is maintained at posts. Each agency is responsible for ensuring its data is correct at post.
- Peace Corps staff, Marine Security Guards, and positions that occupy space in host government facilities, research, and specialized facilities are counted, but not charged.





# ***Calculating the CSCS Charges***

## ***Types of Overseas Positions***

- The CSCS charges vary for the four different types of positions:
  - Principal Office (PO) – The COM/PO occupies more CAA space than other offices. The COM/PO is almost always a State Department position.
  - Controlled Access Area (CAA) – more expensive than a non-CAA position because the space is significantly more expensive to build.
  - Non-CAA - the “standard” desk/office/workspace position.
  - Non-office – uses less space per position. Most often found in warehouses, maintenance areas.



# **FY09 Overseas Positions By Agency**

**(FY07 current, chargeable positions, used to calculate FY09 charges)**

<b>AGENCY</b>	<b>PO</b>	<b>CAA</b>	<b>NON-CAA</b>	<b>NON-OFFICE</b>	<b>TOTAL</b>	<b>%</b>
Agriculture Department		0	586	17	603	0.79%
American Battle Monuments Commission		0	42	0	42	0.06%
Broadcast Board Of Governors		0	25	0	25	0.03%
Commerce Department		0	1,158	44	1,202	1.58%
Defense Department		1,656	1,801	464	3,921	5.17%
Energy Department		1	33	0	34	0.04%
Environmental Protection Agency		0	0	1	1	0.00%
Export-Import Bank		0	0	0	0	0.00%
General Services Administration		0	5	0	5	0.01%
Health & Human Services		3	368	86	457	0.60%
Homeland Security		139	644	26	809	1.07%
ICASS		170	12,726	12,939	25,835	34.05%
Interior Department		0	2	0	2	0.00%
Justice Department		897	519	76	1,492	1.97%
Library Of Congress		0	240	22	262	0.35%
Millenium Challenge Corp.		0	31	9	40	0.05%
NASA		0	11	0	11	0.01%
National Science Foundation		0	5	0	5	0.01%
Nuclear Regulatory Commission		0	1	0	1	0.00%
Open Source Center		1	225	19	245	0.32%
Overseas Private Investment Corporation		0	0	0	0	0.00%
Social Security Administration		0	1	0	1	0.00%
State Department	246	6,504	14,222	12,796	33,768	44.50%
Transportation Department		0	94	0	94	0.12%
Treasury Department		7	69	4	80	0.11%
US Trade & Development Agency		0	4	0	4	0.01%
US Trade Representative		0	31	2	33	0.04%
USAID		0	5,678	993	6,671	8.79%
<u>Veterans Affairs Department</u>		<u>0</u>	<u>216</u>	<u>22</u>	<u>238</u>	<u>0.31%</u>
<b>TOTAL POSITIONS</b>	<b>246</b>	<b>9,378</b>	<b>38,737</b>	<b>27,520</b>	<b>75,881</b>	<b>100%</b>





# Calculating the CSCS Charges

## Deriving Per Capita Charges from NEC Costs

<u>Total needed</u>	<u>Construction cost by type*</u>	<u>\$ generated by this type</u>	<u>FY05 # of Positions</u>	<u>FY08 - 10 per capita charge</u>
\$1.4 billion	3.3% - PO 34.1% - CAA 56.8% - Non-CAA 5.8% - Non-Office	\$ 47 m \$ 477 m \$ 795 m \$ 81 m <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> \$ 1.4 billion	251 9,416 38,951 23,027	\$ 186,886 \$ 50,724 \$ 20,488 \$ 3,546

\* Based on analysis of recent, typical NEC construction costs

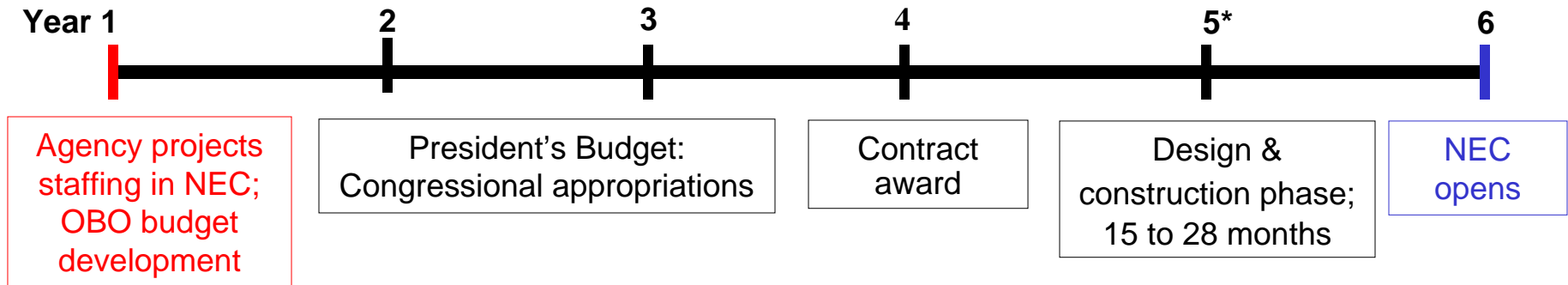
- To ease budget planning and encourage right-sizing, the per capita charges are fixed for three year intervals.
- For FY08-10, the per capita charges have been recalculated to remain at a \$1.4 billion per year level after full phase-in.





# Calculating the CSCS Charges

## 2. NEC Projected Staff Growth Charge



- In 2003, GAO reported that NEC staffing was not being projected in a disciplined, realistic manner. In response, State adopted new procedures for projecting and right-sizing staffing, including clearance by all agencies' HQs.
- The staff growth charge encourages realistic projections when NEC budgets are developed, avoiding wrong-sized NECs.
- This method of calculating charge applies to an NEC beginning the first fiscal year after the construction budget is developed and ends when the NEC opens.





# NEC Staff Growth Charge

Records as of: Jan 1, 2006

Capital Security Cost-Sharing Program  
FY08 Statement of Charges

Department	----- Current Positions and Charges -----							----- Planned Positions and Charges -----							CSCS Position Charges (\$)
	Principal Officer	Office CM	Non-OM Office	Non-OM Non-Office	Non-OM Total	CSCS Charge (\$)	Not Charged	Principal Officer	Office CM	Non-OM Office	Non-OM Non-Office	Non-OM Total	CSCS Charge (\$)	Not Charged	
Abidjan	1	28	42	9	80	1,999,676	-								1,999,676
Abu Dhabi	1	36	40	5	82	2,280,178	-								2,280,178
Abuja	1	39	51	5	96	2,582,216	-								2,582,216
Acapulco	-	-	2	-	2	32,782	-								32,782
Accra	1	24	62	2	89	2,145,321	-	1	31	79	76	187	2,917,959	-	2,917,959
Adana	1	2	9	14	26	417,904	6								417,904
Addis Ababa	1	43	92	205	341	3,983,963	-	2	47	224	522	795	7,358,729	-	7,358,729
Alexandria	-	-	7	12	19	148,781	-								148,781
Algiers	1	23	60	107	191	2,369,845	3	1	22	35	58	116	1,780,478	-	2,369,845
Almaty / Astana	1	16	74	91	182	2,402,992	4	1	41	128	142	312	4,314,150	-	4,314,150
Amman	1	81	123	40	245	5,565,981	-								5,565,981
Amsterdam	1	-	20	-	21	477,329	-								477,329
Ankara	1	83	77	145	306	5,191,038	15								5,191,038
Antananarivo	1	15	35	4	55	1,343,227	37	1	17	127	71	216	3,122,436	2	3,122,436
Ania	1	-	9	1	11	299,865	-								299,865

- OBO budgets, and will only build space for the positions an agency projects in the approved Space Requirements Plan (SRP), even if its staffing plans, change.
- During the construction period, CSCS charges for those projected positions, or actual positions, whichever is larger.
- After the NEC opens, charges are again based on actual positions.





## ***Calculating the CSCS Charges***

### ***3. ICASS Pass-Through Charge***

- Many overseas positions under COM authority are funded through ICASS to provide administrative support to personnel from all agencies.
- The CSCS Program treats ICASS as a separate agency so it will have the same incentive as other agencies to rightsize its operations.
- ICASS has no independent funding; all of its costs are passed through to its member agencies.
- The ICASS Council has decided to treat its CSCS charges as an overhead cost to be passed through to agencies on the basis of their total use of ICASS services.



# FY09 ICASS Pass-Through Charges

<i>AGENCY</i>	<i>FY07 ICASS SERVICE CHARGES (\$000)</i>	<i>% OF TOTAL ICASS SERVICES USED</i>	<i>FY09 ICASS CSCS CHARGES (\$000)</i>
State Department	\$ 1,013,263,643	72.22%	\$ 220,532,172
Defense Department	\$ 132,043,453	9.41%	\$ 28,738,650
US Agency for International Development	\$ 95,650,060	6.82%	\$ 20,817,796
Justice Department	\$ 47,675,835	3.40%	\$ 10,376,426
Homeland Security Department	\$ 26,399,137	1.88%	\$ 5,745,651
Commerce Department	\$ 25,984,404	1.85%	\$ 5,655,386
Health and Human Services Department	\$ 17,671,856	1.26%	\$ 3,846,198
Agriculture Department	\$ 14,929,416	1.06%	\$ 3,249,319
Peace Corps	\$ 5,400,952	0.38%	\$ 1,175,492
Treasury Department	\$ 4,083,525	0.29%	\$ 888,760
Transportation Department	\$ 3,107,397	0.22%	\$ 676,311
Open Source Center (formerly FBIS)	\$ 2,922,059	0.21%	\$ 635,973
Broadcasting Board of Governors	\$ 2,902,558	0.21%	\$ 631,728
Social Security Administration	\$ 2,448,305	0.17%	\$ 532,862
Library of Congress	\$ 1,744,153	0.12%	\$ 379,607
US Trade Representative	\$ 1,393,048	0.10%	\$ 303,190
Energy Department	\$ 1,355,445	0.10%	\$ 295,006
American Battle Monuments Commission	\$ 1,034,554	0.07%	\$ 225,166
NASA	\$ 853,647	0.06%	\$ 185,792
Veterans Affairs Department	\$ 767,589	0.05%	\$ 167,062
Interior Department	\$ 398,466	0.03%	\$ 86,724
National Science Foundation	\$ 309,097	0.02%	\$ 67,274
Environmental Protection Agency	\$ 226,672	0.02%	\$ 49,334
General Services Administration	\$ 157,531	0.01%	\$ 34,286
Nuclear Regulatory Commission	\$ 142,002	0.01%	\$ 30,906
Overseas Private Investment Corporation	\$ 38,447	0.00%	\$ 8,368
US Trade and Development Agency	\$ 38,150	0.00%	\$ 8,303
<b>Total CSCS Charges to Pass-Through</b>			<b>\$ 305,343,742</b>





# FY08 CSCS Charges By Agency

	Position Charges	ICASS	Rent Credit	Total
Agriculture Department	\$9,232,232	\$2,688,229	(\$2,097,939)	\$9,822,522
American Battle Monuments Commission	688,422	155,521	(34,825)	809,118
Broadcast Board Of Governors	510,958	633,688	(90,941)	1,053,705
Commerce Department	19,663,531	4,604,547	(5,798,971)	18,469,107
Defense Department	111,726,926	22,804,402	(2,868,273)	131,663,055
Energy Department	565,091	230,798	(262,975)	532,914
Environmental Protection Agency	81,955	73,937	(136,252)	19,640
General Services Administration	98,346	25,270	-	123,616
Health & Human Services	5,702,249	2,902,822	(1,697,465)	6,907,606
Homeland Security	18,988,465	4,672,031	(2,228,038)	21,432,458
Interior Department	49,173	44,470	(14,663)	78,980
Justice Department	45,275,313	7,547,645	(1,848,799)	50,974,159
Library Of Congress	4,126,751	308,195	(28,594)	4,406,352
Millineum Challenge Corporation	106,857	-	-	106,857
NASA	213,083	137,527	(1,328)	349,282
National Science Foundation	81,955	32,904	(71)	114,788
Nuclear Regulatory Commission	16,391	24,172	(63,514)	-
Open Source Center	4,179,373	523,917	(376,868)	4,326,422
Overseas Private Investment Corporation	32,782	8,082	(22,871)	17,993
Peace Corps	-	1,121,747	-	1,121,747
Social Security Administration	16,391	449,130	(5,892)	459,629
State Department	589,491,607	172,645,444	(70,060,744)	692,076,307
Transportation Department	1,573,536	553,199	(616,677)	1,510,058
Treasury Department	1,999,714	673,476	(19,347)	2,653,843
US Trade & Development Agency	65,564	6,228	(57)	71,735
US Trade Representative	464,622	271,476	-	736,098
USAID	103,042,770	11,049,509	(14,136,529)	99,955,750
Veterans Affairs Department	3,629,978	126,157	(274,210)	3,481,925
<b>TOTAL FY08</b>	<b>\$921,624,035</b>	<b>\$234,314,523</b>	<b>(\$102,685,843)</b>	<b>\$1,053,275,666</b>
<b>Total for agencies other than State Department</b>		<b>\$361,199,359</b>		





# FY09 CSCS Charges By Agency (President's Budget)

	Position Charges	ICASS	Rent Credit	Total
Agriculture Department	\$ 12,308,560	\$ 3,249,319	\$ (2,415,217)	\$ 13,142,662
American Battle Monuments Commission	860,496	225,166	(4,090)	1,081,572
Broadcasting Board of Governors	597,698	631,728	(253,949)	975,477
Commerce Department	24,820,030	5,655,386	(6,801,457)	23,673,959
Defense Department	126,296,094	28,738,650	(2,546,557)	152,488,187
Energy Department	726,828	295,006	(221,231)	800,603
Environmental Protection Agency	3,546	49,334	(45,697)	7,183
General Services Administration	102,440	34,286	(9)	136,717
Health and Human Services Department	8,167,022	3,846,198	(1,838,470)	10,174,750
Homeland Security Department	22,413,094	5,745,651	(3,150,564)	25,008,181
ICASS	324,309,140	-	(18,936,197)	305,372,943
Interior Department	40,976	86,724	(8,603)	119,097
Justice Department	58,611,010	10,376,426	(1,631,063)	67,356,373
Library of Congress	5,015,620	379,607	(28,845)	5,366,382
Millenium Challenge Account	667,042	-	-	667,042
NASA	266,344	185,792	(118,908)	333,228
National Science Foundation	102,440	67,274	(102,627)	67,087
Nuclear Regulatory Commission	20,488	30,906	(63,925)	-
Open Source Center (formerly FBIS)	4,785,816	635,973	(7,634)	5,414,155
Overseas Private Investment Corporation	-	8,368	(134)	8,234
Peace Corps	-	1,175,492	(19,566)	1,155,926
Social Security Administration	20,488	532,862	(7,443)	545,907
State Department	772,848,514	220,532,172	(25,697,027)	967,683,659
Transportation Department	1,946,360	676,311	(504,928)	2,117,743
Treasury Department	2,223,592	888,760	(90,447)	3,021,905
US Agency for International Development	126,817,174	20,817,796	(12,410,070)	135,224,900
US Trade and Development Agency	81,952	8,303	(56)	90,199
US Trade Representative	642,220	303,190	-	945,410
Veterans Affairs Department	4,503,420	167,062	(299)	4,670,183
<b>Totals</b>	<b>\$ 1,499,198,404</b>	<b>\$ 305,343,742</b>	<b>\$ (76,905,013)</b>	<b>\$ 1,422,276,721</b>

**Total for agencies other than State Department \$ 454,593,062**





# Five Year CSCS Phase-In

## CSCS and other funds for NEC construction [estimated amounts for FY09]

	FY 04 (0%)	FY 05 (20%)	FY 06 (40%)	FY 07 (60%)	FY 08 (80%)	FY 09 (100%)
<b>(1) Total DOS</b>	<b>761,400</b>	<b>785,320</b>	<b>810,240</b>	<b>800,559</b>	<b>909,621</b>	<b>920,000</b>
(2) → <b>DOS Capital</b>	<b>641,400</b>	<b>625,134</b>	<b>416,624</b>	<b>126,403</b>	<b>217,545</b>	<b>-</b>
(3) → <b>DOS CSCS</b>	<b>120,000</b>	<b>160,186</b>	<b>393,616</b>	<b>674,156</b>	<b>692,076</b>	<b>920,000</b>
<b>(4) Others' CSCS</b>	<u><b>0</b></u>	<u><b>88,916</b></u>	<u><b>199,905</b></u>	<u><b>361,889</b></u>	<u><b>361,658</b></u>	<u><b>480,000</b></u>
<b>(3+4) Total CSCS</b>	<b>120,000</b>	<b>249,102</b>	<b>593,521</b>	<b>1,036,045</b>	<b>1,053,734</b>	<b>1,400,000</b>
<b>(1+4) NEC Funds</b>	<b>761,400</b>	<b>874,236</b>	<b>1,010,145</b>	<b>1,162,448</b>	<b>1,271,279</b>	<b>1,400,000</b>

- After phase-in, State Department still pays for about 66% of the NEC construction.



# ***Calculating the CSCS Charges***

## ***4. Rent Credit***

- Many embassies and consulates are inadequate to accommodate all agencies' staffs. That gap is often filled with short-term leases of non-CAA space. The rent is allocated to the user agencies through ICASS.
- The CSCS Program gives agencies a rent credit to compensate for the "double payment" that would occur if agencies paid rent for existing space and also paid for new space under the CSCS Program.
- State, ICASS, and the agencies have generated data on each agency's current rent. These amounts are credited against each agency's CSCS charges.



## ***Procedures for Determining Each Agency's Charges***

- The Billing Process:
  - Each agency's share is initially calculated by the State Department as described.
  - Agencies verify position lists and document their rent credits.
  - Statements (draft invoices) are distributed to agencies to facilitate their own budgeting before submission to OMB.
- Challenge Procedures:
  - State Department carefully evaluates any questions about its calculations.
  - OMB participates when a dispute needs resolution.





## ***Benefits of the CSCS Program***

- It provides steady funding for an accelerated \$17.5 billion Capital Security Construction Program -- funding 150 secure New Embassy Compounds in 14 years, reducing the time without CSCS by 12 years.
- It causes all agencies to
  - equitably help fund overseas facilities.
  - rightsize their overseas personnel in light of the full cost of stationing personnel overseas.
- It allows Congress, agencies, and the public to see the capital cost of stationing personnel overseas.



# ***Contacts for the CSCS Program***

## **Department of State**

- Amie Luseni, CSCS Program Manager  
Strategic Planning Division, OBO/PD  
(703) 516-1980 LuseniAH@state.gov
- Neva Shabazz, Back-up for Program  
Strategic Planning Division, OBO/PD  
(703) 874-4789 ShabazzN@state.gov
- Stefan Lupp, Branch Chief  
Strategic Planning Division, OBO/PD  
(703) 875-5766 LuppJS@state.gov
- Alex Kurien, Director  
Strategic Planning Division, OBO/PD  
(703) 875-6976 KurienAJ@state.gov

## **Office of Management & Budget**

- Anne Schmidt, Program Examiner  
State-USIA Branch  
International Affairs Division  
(202) 395-4535 Aschmidt@omb.eop.gov

- **CSCS Web Site: [www.state.gov/obo/c11275.htm](http://www.state.gov/obo/c11275.htm)**

