



Capital Security Cost-Sharing Program



Operated by the Department of State

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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 FY09, and FY10
- 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"):
 - A program of capital construction of \$1.4 Billion per year
 - replacement of several NECs to meet security needs
 - funding over multiple years beginning in FY 2005
- 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.
- In 2009, the last year of the 5-year phase-in, the Program will provide 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



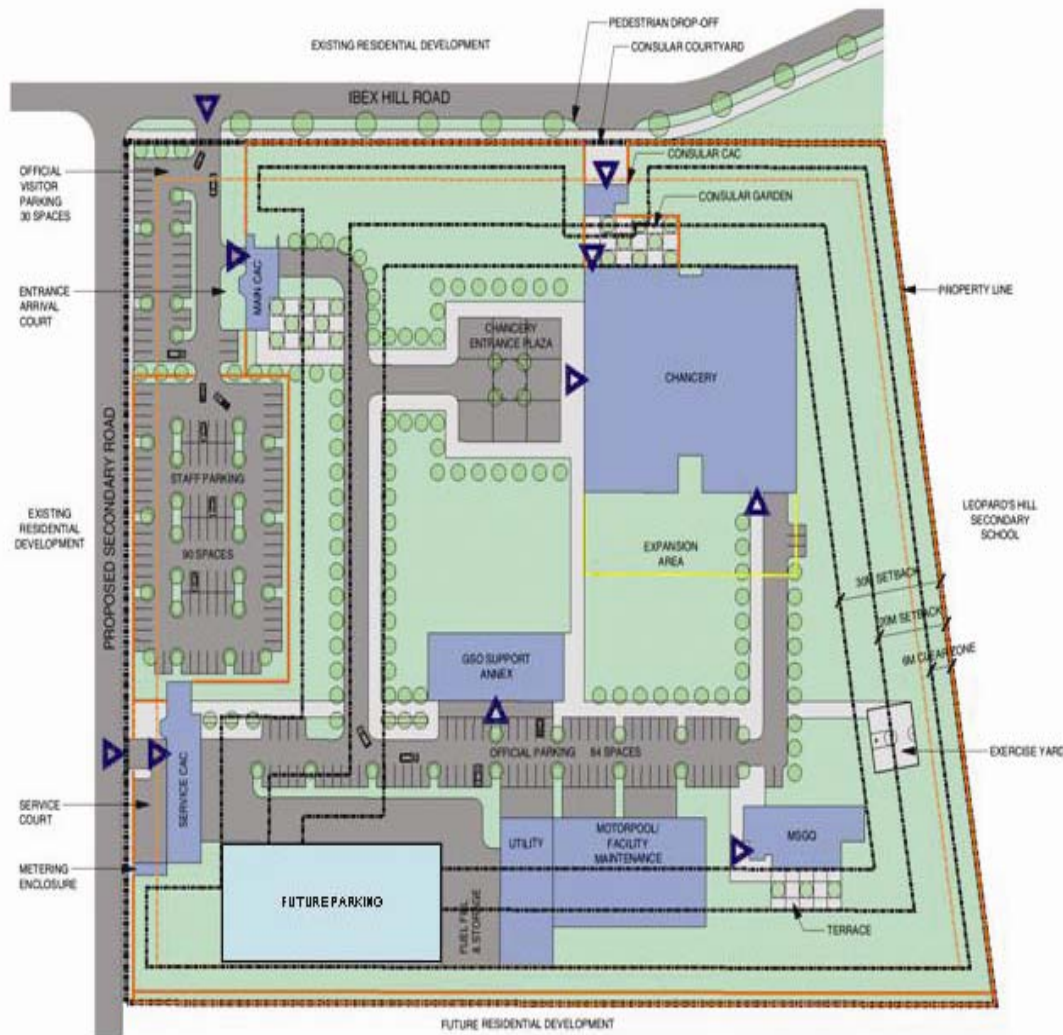
The Cost-Sharing Law in English



- 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: 21st 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



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

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. Through the Executive Agency Personnel Support System (EAPS), agencies are able to review and validate it's own position data. 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.



FY10 Overseas Positions By Agency (FY08 current, chargeable positions, used to calculate FY10 charges)



AGENCY	PO	CAA	NON CAA	NON OFFICE	TOTAL	%
Agriculture Department		0	595	15	610	0.78%
American Battle Monuments Commission		0	42	0	42	0.05%
Broadcast Board Of Governors		0	28	0	28	0.04%
Commerce Department		0	1,127	42	1,169	1.49%
Defense Department		1,652	1,920	454	4,026	5.13%
Energy Department		1	36	0	37	0.05%
General Services Administration		0	5	0	5	0.01%
Health & Human Services		3	353	48	404	0.52%
Homeland Security		137	688	17	842	1.07%
ICASS		162	13,555	13,310	27,027	34.46%
Interior Department		0	2	0	2	0.00%
Justice Department		882	593	78	1,553	1.98%
Library Of Congress		0	239	20	259	0.33%
Millenium Challenge Corp.		0	58	12	70	0.09%
NASA		0	13	0	13	0.02%
National Science Foundation		0	6	0	6	0.01%
Nuclear Regulatory Commission		0	1	0	1	0.00%
Open Source Center		0	224	12	236	0.30%
Social Security Administration		0	1	0	1	0.00%
State Department	243	6,471	15,310	13,386	35,410	45.15%
Transportation Department		0	104	0	104	0.13%
Treasury Department		14	78	3	95	0.12%
US Trade & Development Agency		0	5	0	5	0.01%
US Trade Representative		1	30	2	33	0.04%
USAID		0	5,543	665	6,208	7.92%
Veterans Affairs Department		0	212	29	241	0.31%
TOTAL POSITIONS	243	9,323	40,768	28,093	78,427	100%



Calculating the CSCS Charges Deriving Per Capita Charges from NEC Costs



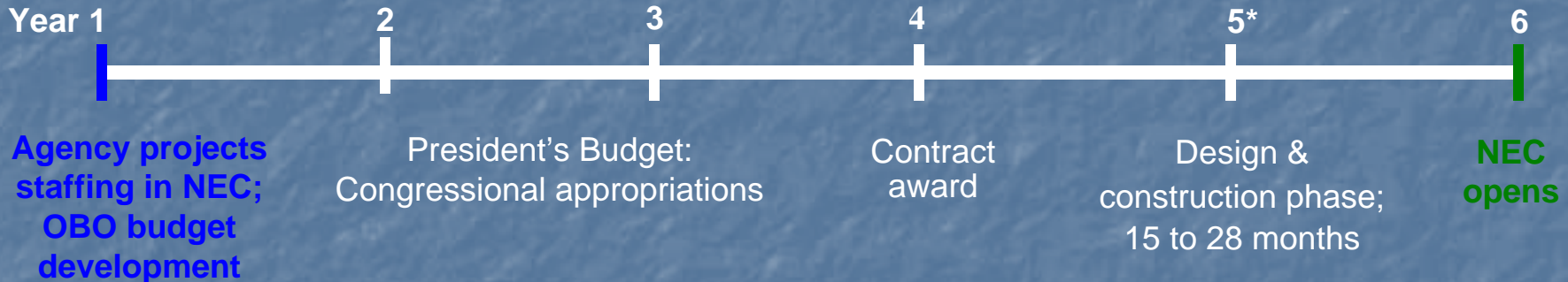
<u>Total needed</u>	<u>Construction cost by type*</u>	<u>\$ generated by this type</u>	<u>FY08 # of Positions</u>	<u>FY11 - 13 per capita charge</u>
\$1.4 billion	3.8% - PO	\$ 52 m	243	\$ 215,031
	33.2% - CAA	\$ 465 m	9,342	\$ 49,781
	56.2% - Non-CAA	\$ 787 m	40,675	\$ 19,344
	6.8% - Non-Office	\$ 96 m	27,732	\$ 3,450
		\$ 1.4 billion		

* 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 FY11-13, the per capita charges have been recalculated to remain at a \$1.4 billion per year level at full phase-in and beyond.



Calculating the CSCS Charges 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

Capital Security Cost-Sharing Program FY10 Statement of Charges

of: Jul 28, 2008

Department, Excluding ICASS

Department	----- Current Positions and Charges -----							----- Planned Positions and Charges -----							CSCS Position Charges (\$)		
	Principal Officer	CAA Office	Non-CAA Office	Non-CAA Non-Office	Non-CAA	CSCS Total	Charge (\$)	Not Charged	Principal Officer	CAA Office	Non-CAA Office	Non-CAA Non-Office	Non-CAA	CSCS Total		Charge (\$)	Not Charged
Abidjan	-	5	1	1	7	277,654	-										277,654
Abu Dhabi	-	29	7	7	43	1,639,234	19										1,639,234
Abuja	-	5	14	5	24	558,182	-										558,182
Accra	-	9	12	1	22	705,918	4										705,918
Addis Ababa	-	9	15	-	24	763,836	1	-	12	6	-	18	731,616	6			763,836
Alexandria	-	-	3	-	3	61,464	-										61,464
Algiers	-	6	2	-	8	345,320	-										345,320
Amman	-	19	21	-	40	1,394,004	7										1,394,004
Ankara	-	43	2	3	48	2,232,746	37										2,232,746
Antananarivo	-	4	1	1	6	226,930	-	-	3	1	3	7	183,298	6			226,930
Ashgabat	-	2	7	-	9	244,864	-										244,864
Asmara	-	5	-	1	6	257,166	-										257,166
Asuncion	-	21	8	3	32	1,239,746	-										1,239,746
Athens	-	12	28	6	46	1,203,628	20										1,203,628

- OBO budgets 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 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.



FY10 ICASS Pass Through Charges



Agency	FY08 ICASS SERVICE CHARGES (\$000)	% OF TOTAL ICASS SERVICE USED	FY10 ICASS CSCS CHARGES (\$000)
State Department	\$ 1,139,397,675	71.43%	\$ 222,993,524
Defense Department	\$ 148,187,050	9.29%	\$ 29,001,948
US Agency for International Development	\$ 120,208,564	7.54%	\$ 23,526,230
Justice Department	\$ 56,230,291	3.53%	\$ 11,004,929
Homeland Security Department	\$ 31,948,774	2.00%	\$ 6,252,751
Commerce Department	\$ 27,770,769	1.74%	\$ 5,435,066
Health and Human Services Department	\$ 21,326,065	1.34%	\$ 4,173,762
Agriculture Department	\$ 17,366,710	1.09%	\$ 3,398,869
Peace Corps	\$ 6,428,315	0.40%	\$ 1,258,097
Treasury Department	\$ 4,322,201	0.27%	\$ 845,906
Transportation Department	\$ 3,674,473	0.23%	\$ 719,138
Open Source Center (formerly FBIS)	\$ 3,486,201	0.22%	\$ 682,291
Broadcasting Board of Governors	\$ 2,990,667	0.19%	\$ 585,309
Social Security Administration	\$ 2,962,921	0.19%	\$ 579,878
Library of Congress	\$ 1,924,085	0.12%	\$ 376,566
Energy Department	\$ 1,447,982	0.09%	\$ 283,387
US Trade Representative	\$ 1,439,165	0.09%	\$ 281,661
American Battle Monuments Commission	\$ 1,248,884	0.08%	\$ 244,421
Veterans Affairs Department	\$ 943,946	0.06%	\$ 184,741
NASA	\$ 853,477	0.05%	\$ 167,035
National Science Foundation	\$ 461,203	0.03%	\$ 90,263
Interior Department	\$ 179,457	0.01%	\$ 35,122
Nuclear Regulatory Commission	\$ 151,615	0.01%	\$ 29,673
General Services Administration	\$ 125,948	0.01%	\$ 24,649
US Trade and Development Agency	\$ 50,244	0.00%	\$ 9,833
Total CSCS Charges to Pass-Through			\$ 312,185,049



FY09 CSCS Charges By Agency



	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	(47,482)	1,038,180
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
General Services Administration	102,440	34,286	(9)	136,717
Health and Human Services Department	8,167,022	3,846,198	(1,896,220)	10,117,000
Homeland Security Department	22,413,094	5,745,651	(3,180,564)	24,978,181
ICASS	324,309,140	-	(18,936,197)	305,372,943
Interior Department	40,976	86,724	(8,603)	119,097
Justice Department	58,590,522	10,376,426	(1,631,063)	67,335,885
Library of Congress	5,015,620	379,607	(28,845)	5,366,382
Millenium Challenge Corporation	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	4,785,816	635,973	(7,634)	5,414,155
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	2,203,104	888,760	(90,447)	3,001,417
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
Totals	\$ 1,499,153,882	\$ 305,286,040	\$ (76,990,324)	\$ 1,422,089,186
Total for agencies other than State Department		\$ 454,405,527		



FY10 CSCS Charges By Agency (President's Budget)



	Position Charges	ICASS	Rent Credit	Total
Agriculture Department	\$12,301,468	\$3,398,869	(\$1,900,070)	\$13,800,267
American Battle Monuments Commission	860,496	244,421	(52,185)	1,052,732
Broadcast Board Of Governors	584,302	585,309	(923,499)	246,112
Commerce Department	23,450,092	5,435,066	(6,194,253)	22,690,905
Defense Department	128,206,104	29,001,948	(2,497,565)	154,710,487
Energy Department	788,292	283,387	(230,839)	840,840
General Services Administration	102,440	24,649	(3)	127,086
Health & Human Services Department	9,151,526	4,173,762	(3,181,996)	10,143,292
Homeland Security Department	21,862,278	6,252,751	(3,042,653)	25,072,376
Interior Department	40,976	35,122	(15,923)	60,175
Justice Department	61,373,320	11,004,929	(1,969,237)	70,409,012
Library Of Congress	4,967,552	376,566	(26,932)	5,317,186
Millineum Challenge Corporation	1,377,818	-	(127,520)	1,250,298
NASA	266,344	167,035	(136,493)	296,886
National Science Foundation	122,928	90,263	(151,344)	61,847
Nuclear Regulatory Commission	20,488	29,673	(61,234)	-
Open Source Center	4,652,352	682,291	(228,254)	5,106,389
Peace Corps	-	1,258,097	(19,472)	1,238,625
Social Security Administration	20,488	579,878	(80,698)	519,668
State Department	792,666,502	222,993,524	(28,243,177)	987,416,849
Transportation Department	2,171,728	719,138	(623,420)	2,267,446
Treasury Department	2,482,742	845,906	(66,934)	3,261,714
US Agency for International Development	119,729,902	23,526,230	(13,332,932)	129,923,200
US Trade & Development Agency	102,440	9,833	(23,295)	88,978
US Trade Representative	672,456	281,661	-	954,117
Veterans Affairs Department	4,446,290	184,741	(319)	4,630,712
TOTAL FY 10	\$1,192,421,324	\$312,185,049	(\$63,130,247)	\$1,441,487,199
Total for agencies other than State Department		\$454,070,350		20



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

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



Calculating the CSCS Charges 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 of \$1.4 Billion annually for multiple years to fund 150 secure New Embassy Compounds in the Capital Security Construction Program.
- 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.



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