

INFORMATION MEMORANDUM
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TO: All Participants on the Interagency Facilities Council

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

SUBJECT: DRAFT FOR COMMENTS AND MEETING 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

At the December 4, 2003 meeting of the Interagency Facilities Council (IFC), OBO announced that it was preparing a revised Guidance on the Capital Security Cost-Sharing Program to cover the calculation of the next round of cost-sharing charges. In response to requests at the Meeting, OBO agreed to circulate a draft of the new Guidance for comments before submitting the final document to the Under Secretary for Management for signature.

The Draft is attached. Written comments from all IFC participants are welcome, by Wednesday, January 28, preferably by email to BleicherSA@State.gov.

Discussion of the Draft and proposed changes will take place in the OBO 11th Floor Conference Room (the same place the IFC met) at 11:00 a.m. on Friday, January 30. This meeting will be a working-level discussion of the contents of the Guidance for the purpose of making it more workable and more articulate. All written comments received by the deadline above will be considered, along with comments presented at the meeting by participants. If you intend to participate in the meeting, please inform Gwen Terrell at TerrellGY@State.gov or 703-875-6362.

We look forward to hearing from all interested parties.

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TO: ~~——All Agencies with an Overseas Presence under Chief of Mission Authority See Attached Addressee List.~~

FROM: Grant S. Green, Jr. /s/

SUBJECT: 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

BACKGROUND

This guidance, approved by the Department of State and the Office of Management and Budget, explains the rationale, definitions, and criteria for identifying positions and categorizing them to determine the charges payable by each agency under the Capital Security Cost-Sharing (CSCS) Program.

The President's FY 2004 Budget announced the Administration's decision to implement the CSCS a Capital Security Cost-Sharing Program as a mechanism to carry out the President's Management Agenda Program Initiative for a "Right-sized" Overseas Presence. The President's FY05 Budget includes the CSCS Program charges in the budgets of Departments and agencies with an overseas presence. The ~~Capital Security Cost-Sharing (CSCS)~~ Program is designed to

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

The ~~P~~rogram ~~will~~ achieves these objectives by imposing a per capita charge for (a) each authorized overseas position for which facilities must be provided and (b) each projected

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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. Agencies receive a Rent Credit for rent they are currently paying because existing diplomatic facilities are not able to accommodate their overseas personnel. This Credit recognizes the extra burden currently being carried by that Department or Agency.

In order to implement the CSCS Program, each Department and Agency's overseas existing or authorized positions must be identified and categorized as being located in classified office space, non-classified office space, or non-office space. ~~In addition, some authorized~~ Positions are located outside the embassy or consulate for ~~various~~ 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 ~~conducted~~ a survey cable in March 2003, which directed every all posts to submit listings of all existing positions and all other positions authorized under NSDD-38 or otherwise positions that are under the authority of the Chief of Mission as of January 1, 2003. The Department shared and discussed ~~that~~ information ~~is being shared with the affected~~ Departments and 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 Departments and 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 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

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for the purpose of identifying posts where a repeat survey would be desirable to ensure accuracy.

~~This guidance, approved by the Department of State and the Office of Management and Budget, explains the rationale, definitions, and criteria for identifying positions and assigning them to the appropriate category. The definitions of authorized position and the categories are based upon the instructions to posts in the survey cable.~~

FUNDAMENTAL POLICY

The underlying rationale that guides decisions on whether ~~and how~~ to count a position and how to categorize it for purposes of calculating the CSCS per capita charges is whether the position will need space (and what kind of space) on 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 in the NECs 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. ~~(Where the sponsoring Department or Agency is currently paying rent for its office space, the rent will be treated as an offset to the CSCS Program charges, in recognition of the extra burden currently being carried by that Department or Agency.)~~

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 as well as all locally engaged staff (LES), which includes ing Foreign Service Nationals (FSNs), local Personal Services Contractors (PSCs), part-time, intermittent, and temporary staff (PITs), continuing temporary duty (TDY) positions, spouse employment

positions, contractors working in U.S. Government-owned or -leased facilities, and any others working in U.S. Government facilities. Part-time positions are counted unless the authorized number of hours is 20 hours per week or less. 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 Department's primary budget account. The premise of the CSCS Program is that the agency that employs an individual [or holds the unfilled position] is the one that should bear the fiscal responsibility for the capital cost for accelerated construction of new facilities. If an agency needs an increase in funding in order to support its activities at the level it thinks appropriate, 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, because no one has to trace the funding of every agency's overseas programs. It also encourages rightsizing, because the employing agency has 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.

2.3. 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 operating, or intended to operate, inside a controlled access

areas. ~~(see below for distinction between "desk" and "non-desk" positions).~~ The controlled access area (CAA) is that portion of the mission facilities in which the handling of classified information is authorized.

Non-CAA Office Positions. This category comprises existing or authorized office desk 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 a desk position. If a position has a desk, office, or workstation assigned to it, it should be counted as an office a desk 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 desk~~" positions operating, or intended to operate, on the premises of in USG-owned or -leased mission facilities. ~~but outside of controlled access areas.~~ 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.** This category comprises authorized positions that in order to do their work must be by necessity are located in non-USG-owned or -leased facilities or other non-mission facilities (e.g., at airports, and seaports, in government ministries, at memorials, etc.). Often the host government provides this space. ~~provided by the host government.~~ 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. 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 in a NEC,

there is no CSCS Program charge for them. Peace Corps professional staff positions are listed in the survey but not counted for CSCS cost-sharing because of Congressional guidance that they should not be required to collocate in the NEC. ~~This category does not include~~ Positions that occupy leased space in mission annex buildings are not thereby Outside Embassy positions, because ~~they these~~ are considered part of the mission and would be counted when the Department determines the appropriate size for a NEC. Positions in annex buildings, even if the building is leased or ~~and~~ wholly occupied by one agency, should will 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 requests and Congress allocates funds to particular NEC projects on the basis of these projections. To encourage careful, realistic projections of staffing, when an agency projects NEC positions that exceed its current existing or authorized positions at a post scheduled for a NEC, the projected positions will also be counted and charged the cost-sharing feecharge as if they already existed as authorized positions. Increases at a proposed NEC may be netted against projected reductions in NEC staffing at another post only if the reductions have been approved by agency headquarters and incorporated into the projections and budgeting for that post. Otherwise, the projected reductions will benefit the agency in the year they actually occur. ~~The~~ is NEC ~~S~~ Staff ~~A~~ Adjustment ~~C~~ Charge for a given facility ~~will~~ begin in the first fiscal year following the date the projection is used for determining the size, configuration,

and budget for the NEC. That year will typically be the year that the Department submits the project to OMB for inclusion in the President's budget. These positions will be allocated to the categories using the same criteria described above.

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, 2005, the per capita charges are

\$ <u>83,61441,807</u> per capita	for COM space
\$ <u>23,72711,864</u> per capita	for CAA space
\$ <u>11,2585,629</u> per capita	for non-CAA space
\$ <u>1,976 988</u> per capita	for non-office space

3. ICASS Pass-Through. ~~Although~~ ICASS positions are ~~is~~ listed and counted like all other agencies, but its costs are ultimately the joint responsibility of the participating agencies. The CSCS ~~Program~~ charges for ICASS positions, like other ~~will be treated as an~~ indirect costs, are and allocated to agencies at the headquarters level on the basis of the same percentage as overall use of ICASS services. The Department of State 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 Charges 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.~~

4.5. Rent Credit. Offset.— Agencies that are currently paying rent for office space for existing or authorized positions that are counted and included in the CSCS Program charges ~~are will be~~ given credit an offset for the amount of rent they pay. 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 pays, with sufficient specificity that the rent can be verified in Overseas Buildings Operations (OBO) records.

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. offsets. Whenever possible, the agency should first verify its corrections with its representatives at the affected posts, who should coordinate with the Post Management Administrative Officer. ~~OBO has set up four three-person staff teams, one of which will be assigned to each agency. The team~~ 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 ~~reached by the teams,~~ 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, ~~particularly where policy issues may be involved,~~ OBO and the agency will present their respective views in writing to OMB, and OMB will facilitate the final resolution of the differences.

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Attachment: List of Addressees

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