
Foreign Affairs Administrative Support

By

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INTRODUCTION

The Department of State's (DoS) Foreign Affairs Administrative Support (FAAS) system is designed to help provide U.S. government (USG) employees overseas with a place to work and live, the physical facilities necessary to do their job, communications with their parent agency in Washington, and assistance and protection for themselves and their families. Agencies that use the FAAS system should know the full extent of the services they sign up for and how much they cost. Without such information, users cannot evaluate the quality of the services they receive or resolve associated problems.

DEFINITION

FAAS is the mechanism by which the DoS provides common administrative support services to other USG agencies which operate under authority of the U.S. Ambassador overseas. Services include personnel management, budget and fiscal, and general services such as procurement, motor vehicle support, and office and residential maintenance. Functions include accumulating data on the services provided and billing recipients for services received. To varying degrees almost all USG agencies with employees assigned overseas to U.S. Embassies are administratively supported by the FAAS. DoS then, receives reimbursement from those agencies for the services it provides. This is no small task since services vary in each embassy, depending on the number of agencies operating there and the variety of services required by each agency. Likewise, the cost of FAAS services varies widely from embassy to embassy and is heavily dependent on the cost of labor and services in each country.

The FAAS also includes a system for determining what the administrative support costs are and then distributing those costs among all of the supported agencies, including DoS. An important aspect of the system is that the FAAS methodology for collecting and distributing the costs is *not* considered a "cost accounting" system which captures and assigns actual costs. FAAS, instead, uses historical data, or measurement factors, from prior years to apportion current year costs.

BACKGROUND

At the end of World War II, many USG agencies began to expand their operations at overseas locations. As other agency programs grew, the need to provide common administrative support to their assigned personnel also expanded. With DoS having the only administrative infrastructure in place to support personnel assigned to embassies and consulates around the world, other agencies, many without overseas experience or administrative support mechanisms, turned to DoS for support services. In some cases, the agencies would pay the full cost of the additional manpower resources required or pay a proportional share of the total cost of the embassy administrative support bill. Usually these were informal arrangements negotiated between the DoS administrative officer and the agency's representative at the embassy. In other cases, agencies established their own support staff which often resulted in duplications of effort, waste, and gross inefficiencies. To further complicate matters, there was no standard procedure or system for providing, or charging for, the needed administrative services.

In the 1950s and early 60s, the numerous problems caused by the lack of standardization led DoS and other agencies to introduce a per capita cost-sharing system which provided a structure for administrative support while attempting to correct the problems caused by the lack of a standardized system. Under this system, agencies paid for the services based on the number of personnel assigned to the embassy. Because the per capita system did not take into account, the different levels of consumption by all agencies, it proved unworkable and in the mid-1960s the Shared Administrative Support (SAS) system was adopted. Under SAS, agencies pay for services according to the administrative workload generated by their personnel. For over a decade the SAS system remained in effect until the General Accounting Office (GAO) ruled, after others had often pointed it out, that DoS had a number of "fixed" costs which it would always be required to pay regardless of whether other agencies were present in the embassy. Many argued that DoS should not apportion the fixed costs of its overseas operations among other agencies. While DoS required a full range of services, other agencies needs were often somewhat less, and yet, all agencies paid for administrative support based on their administrative workload. Furthermore, agencies which changed their presence at the embassy posed another major problem since that added to the volatility of support costs shared among all agencies.

Although the SAS did not provide all the answers, it was instrumental in establishing a useful model which aided the development of a system that does provide administrative services as well as a means of distributing the associated costs among all agencies. A key ingredient in the new system's development was the recognition that DoS would have to absorb certain "fixed" costs regardless of whether other agencies were present at the embassy. Thus emerged the Foreign Affairs Administrative Support (FAAS) system.

IMPLEMENTATION

As stated, the FAAS is the system, approved by Congress as a result of the above mentioned GAO ruling, whereby each USG agency, with overseas representation in the embassy, pays its share of the incremental costs, beyond State's fixed costs, of embassy administrative support services that it uses. Based on the above mentioned shortcomings of the SAS, and especially in recognition of the fixed-costs necessities of DoS, the FAAS was implemented in 1978. The system is governed by the Interagency Council on Administrative Support, commonly known as the FAAS Council. The FAAS Council meets in Washington DC, and is co-chaired by the State Department's Chief Financial Officer and Assistant Secretary for Administration. Membership is composed of participating agency representatives at the Deputy Assistant Secretary level. The FAAS Council formulates policy and establishes regulations and procedures designed to meet a wide variety of support requirements on a world-wide basis. As one might expect, the FAAS system is built on numerous compromises in order to satisfy the needs of the several participating agencies. Additionally, a FAAS Working Group, chaired by the FAAS Council Executive Officer and staffed by participating agency budget and management personnel at the middle management level, assists the FAAS Council in the details of administering the system. Within each embassy, the Ambassador is advised on the resolution of any local problems by the Embassy FAAS Council which is composed of Country Team members whose agencies use the FAAS system. Major FAAS Council participants include:

- Two representatives from the DoS plus one serving in the non-voting role of Council Executive officer.
- Two representatives from the Department of Defense (DoD) with one each from the Defense Security Assistance Agency (DSAA) and the Defense Intelligence Agency (DIA).

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- Other representatives are from the Department of Agriculture—Foreign Agriculture Service (FAS), the Department of Commerce—Foreign Commercial Service (FCS), the Agency for International Development (AID), the U.S. Information Service (USIS), the U.S. Peace Corps, and the General Accounting Office (GAO).

Each agency has the choice of participating in, or using, all or parts of the FAAS system or contracting locally for the services it requires. Like its predecessor, SAS, the FAAS system is a cooperative endeavor of all the beneficiary agencies. The interest of all agencies, and the overriding interests of the USG as a whole, are represented in the governing body of the FAAS Council. The FAAS system is based on the principle that DoS has certain “core” or fixed funding responsibilities regardless of whether other agencies exist in the embassy. Other agencies are responsible for a shared portion of the incremental costs that are over and above the DoS requirements. Thus, the FAAS serves two major functions:

1. To provide high quality common administrative support services to all USG personnel assigned to U.S. Embassies overseas regardless of their parent agency; and
2. For each participating agency to share equitably the costs of administrative services provided under the FAAS agreements.

HOW FAAS WORKS

There are four essential areas of FAAS operations which one must understand in order to appreciate how the system works.

1. **Positions:** *How to determine who works for whom.* A key point of the system is the fact that there are some embassy personnel positions related to each agency's particular programs and other positions related to each agency's administrative support requirements. In other words, each agency represented in an Embassy has its own programs to manage and thus requires its own program personnel to accomplish the agency's business. For the DoS, there are program personnel and FAAS personnel. DoS program personnel perform functions related to executive, political, economic, consular, and a few administrative positions. The administrative positions related to DoS “program” functions are limited to USG communications, security officers, and a few General Services Office (GSO) positions which are dedicated to the operations of Government-owned buildings. Most costs associated with these personnel and their functions are charged to the DoS program budget.

DoS administrative positions funded by the FAAS are Administrative officers, Personnel officers, Financial Management officers, General Services officers, Medical Unit personnel, and ADP personnel. Any USG or Foreign Service National (FSN) individuals performing duties in these sections are considered part of the FAAS. For example, FSNs in the security section performing security investigations, making ID cards, etc., are FAAS funded, as are also FSNs in the communications section working the radios, operating the switchboard, or handling the mail.

Within each embassy all personnel positions that perform administrative support services and their associated expenses are divided into four position categories.

- a. **CORE - in support of DoS programs.** These are DoS internal fixed cost positions that are required regardless of any other agency presence, and include the Marine Guards. The term “CORE” *is not* an acronym, but refers to the basic administrative organization necessary for any State Department program operations. The DoS has financial responsibility for all administrative costs necessary to support its basic or core mission. CORE includes American and FSN position costs and other non-salary costs that support DoS program functions and are

fully absorbed by DoS regardless of whether these positions are providing administrative services to other agencies.

b. DISTRIBUTED ADMINISTRATIVE SUPPORT (DAS) - in support of several, or all other, agencies in the embassy. These are expenses in addition to DoS requirements which necessitate additional DoS administrative personnel to support the workload caused by the presence of other agencies. DAS is an acronym which refers to the personnel resources required in order to provide administrative services to other agencies. DAS costs include American and FSN position costs and other non-salary costs paid for by agencies other than DoS. These costs are shared among the non-DoS agencies by applying workload factors that measure the varying degrees of services used by the participating agencies. DoS does not share any part of the costs associated with DAS positions. Usually, a DAS position is the second of two personnel performing basically the same functions. For example, the second American general services officer assigned to the embassy would probably be classified as a DAS position. The determining factor is whether DoS basic requirements exceed the need for more than one general services officer. Ultimately, the FAAS Council in Washington DC determines whether a position is CORE or DAS.

c. DAS DIRECT - in support of a single agency (other than DoS). Usually these are expenses requiring additional DoS administrative personnel to support one *specific* agency. However, the additional FAAS position could be generated to support the requirements of one or more specific agencies. The costs of the position are not distributed to agencies based on workload measurements, but rather, the agency generating the administrative requirements for the position is responsible for the total position costs. No other agencies share in the costs of these positions. A DAS Direct position would be a driver or an accountant working exclusively for a single agency or an employee whose work location precludes that person from sharing in the work of other FAAS personnel.

d. DAS SPECIAL. - Additionally, if a new or expanding agency generates additional workload that cannot be absorbed within existing personnel resources, then the agency generating the additional requirements will be expected to fund the DAS Special position costs (under the FAAS mechanism) for the remainder of the current fiscal year plus the subsequent first full fiscal year. Thereafter, the DAS Special position becomes a DAS Regular position and all agencies (other than DoS) share the position costs in relation to their use of the services performed by the person occupying the position.

2. Sharing The Costs: How to determine fair share. The equitable distribution of costs is determined by a series of reports, called FAAS schedules, that are generated by each embassy administrative section where other agencies are operating. These schedules factor in historical information related to the administrative workload of each agency and the amount of staff effort required to perform that workload in order to arrive at FAAS costing percentages for each participating agency. The percentage of workload accomplished by each administrative section in support of each agency's administrative requirements is used to spread the total costs to all agencies in proportion to their use of the FAAS services. DoS is then reimbursed for the overseas operating expenses dedicated to administratively supporting other USG agencies.

3. Management: Workload factors and the FAAS agreement. The administrative support workload of each agency is measured by agreed upon factors at designated times throughout each year. The costs to each agency are then determined by a series of algorithms which consider workload, staff time, and costs. Once the measurements for each service have been taken, the workload attributed to each agency is determined by dividing the total number of services provided to all agencies by the total number of services provided to each individual agency in the

embassy. The costs to each agency are then determined by dividing the total costs of services provided to all agencies by the percentage of workload attributed to each agency.

The administrative support services, that are available at each U.S. embassy, are grouped into eight major functions with each having several subfunctions. The subfunctions are used by each administrative section in reporting, pricing, and distributing the costs of services rendered. The major functions and measurement factors applied to each subfunction are as follows:

1. PERSONNEL SERVICES
 - 1.1 American Personnel Management = Americans Serviced.
 - 1.2 FSN Personnel Management = FSN's Serviced.
 - 1.3 Welfare and Health Services = American Permanent Positions and Contract Americans.
 - 1.4 Travel Services = Number of Travelers Serviced.
2. BUDGET AND FISCAL SERVICES
 - 2.1 Accounts and Records = Number of Obligations Established.
 - 2.2 Payrolling = Americans and FSNs Payrolled.
 - 2.3 Vouchering = Number of Vouchers Processed.
 - 2.4 Cashier and Disbursing Operations = Number of Payments and Accommodation Exchanges.
 - 2.5 Budgeting and Financial Planning = Number of Obligations Established.
3. GENERAL SERVICES
 - 3.1 Vehicle Operations = Miles Driven.
 - 3.2 Vehicle Maintenance = Hours Maintained.
 - 3.3 Administrative Supply = Dollar Value of Supplies Issued.
 - 3.4 Procurement = Purchase Orders Issued, Bids Received, and Contracts Awarded.
 - 3.5 Reproduction = Number of Copies Reproduced.
 - 3.6 Shipment and Customs = Shipments Sent/Received.
 - 3.7 Building Operations - Office = Office Square Feet Occupied - Short Term Leased Buildings.
 - 3.8 Building Operations - Residential = Residential Square Feet Occupied - Short Term Leased Buildings.
 - 3.9 Leasing = Time Spent Leasing.
4. COMMUNICATIONS SERVICES
 - 4.1 Telegraphic Traffic = Telegraphic Word/Group Count.
 - 4.2 Pouching = Weight of Pouches.
 - 4.3 Files and Records = Linear Feet of Files.
 - 4.4 Mail and Messenger Service = Pieces of Mail Handled.
 - 4.5 Reception and Switchboard Services = Number of Telephones.
5. SECURITY AND GUARD SERVICES
 - 5.1 Personnel Investigations = Number of Investigations.
 - 5.2 Physical Security = Office Square Feet Occupied.
 - 5.3 Marine Guard Service = Hours of Marine Guard Service.
 - 5.4 Watchman Service = Hours of Watchman Service.
6. HEALTH SERVICES
 - 6.0 American Permanent Positions and Contract Americans.

7. COMPUTER SYSTEMS

7.0 Number of Peripherals (Terminals, Stand-alone PC's, Printers, etc.)

8. DIRECT SERVICES

8.0 DAS Personnel Charges that are Reimbursed 100% to DoS for the indefinite duration of a specific agency's support requirements.

The purpose of standard workload measurements is to ensure that all embassies count the same things and apply them in the same manner to distribute the costs. The workload factors were developed to provide a fair and equitable distribution of costs based on a reasonable representation of the support services provided under each subfunction. It is FAAS policy that all costs are calculated on the basis of services provided by subfunction rather than on the basis of DoS providing subsidiary services, unless specifically excepted for a specific circumstance. The measurements have been structured for use by each embassy in counting, maintaining, and reporting workload statistics for all participating agencies. Many measurements are counted as of the reporting date, some require a full year's experience, for others, only four months experience is needed. In some cases, the same workload factors serve to distribute the costs of several subfunctions. All of the measurements have been approved by the FAAS Council and were developed and written to cover a world-wide situation.

4. **Mechanics of the System:** *Various schedules and formulas.* Each embassy administrative section generates a series of schedules that factors workload activity with costs to arrive at FAAS workload percentages which are then converted to a monetary cost for each agency participating in the FAAS. These FAAS schedules have been designed to generate final cost percentages for American position costs, FSN position costs, and other (non-salary) costs based on the workload attributed to each agency. The system assigns a cost to each administrative activity and then distributes the total costs of FAAS to all agencies in proportion to the FAAS services they receive. The system also contains safeguards to ensure that the fixed costs of support are attributed to State while only the incremental costs are shared among the serviced agencies. The following schedules are created from the various reports and statistical data that is kept on each administrative service.

FAAS - 1 The FAAS Agreement.

Also known as the Post (Embassy) Administrative Support Agreement. This is the basic document used by non-DoS agencies at the embassy to request administrative services from the DoS administrative sections. A separate FAAS - 1 is prepared for each participating agency. It should be reviewed annually by agency personnel and signed by the agency's senior representative and the DoS administrative officer. This is the agreement that forms the basis for the support to be provided by the DoS. If a new agency at the embassy initiates operations, or an agency expands its programs, a new FAAS - 1 should be signed. If additional resources are required, the agency should make, or support, the recommendation to the FAAS Council requesting the necessary resources.

FAAS - 2 Workload Factor Distribution Schedule.

This schedule is a summary of the workload counts for each FAAS supported agency as a percentage of total embassy-wide workload count and as a percentage of all agencies (other than DoS) workload count. The counts are recorded by each administrative service within each subfunction.

FAAS - 3 Allocation of Positions by Subfunction.

This is a worksheet prepared by each embassy administrative section to record the percentage of time spent by each FAS (core and DAS) position performing duties in each administrative subfunction.

FAAS - 4 Staffing Distribution.

FAAS - 4A Administrative Overhead.

This form develops formulas for spreading FAAS overhead (non-salary) costs in a systematic manner. It extracts the position costs data from the FAAS - 4 to develop the core and DAS percentages. These percentages are used to allocate non-salary overhead costs among DoS and other agencies.

FAAS - 4C CORE Positions.

All CORE positions established at an embassy are identified by position number and title. The total of salary, benefits, and allowances for each position are listed as well as the percentage of time spent by each core position in each administrative subfunction. This schedule shows the percentage of time each core position applies in each administrative subfunction.

FAAS - 4D DAS Positions.

Like CORE positions, all DAS positions at each embassy are identified by position number and title. The total of salary, benefits, and allowances are reflected as well as the percentage of time spent by each DAS position in each administrative subfunction. This schedule shows the percentage of time each position applies in each subfunction.

FAAS - 5 Formula - DAS Position Cost by Agency.

The objectives of this schedule are to spread DAS position costs among other agencies based on their use of specific administrative services, and to determine what percent of DAS position costs each agency shares.

FAAS - 6 Non-Salary Expenses.

While the FAAS - 4 and FAAS - 5 calculate the salary costs, this schedule captures non-salary costs and distributes these costs among all participating agencies based on either the FAAS workload factors from the FAAS - 2 or the FAAS overhead percentages developed on the FAAS - 4. The objective of this form is to determine the percentage of other than salary costs for each agency.

FAAS - 8 Summary.

This schedule extracts the percentages from the FAAS - 4, 5, and 6 schedules and summarizes them under three costs categories: American position costs, FSN position costs, and non-salary costs. The FAAS schedules, then, have been designed to capture these three final percentages for each agency.

THE AGREEMENT

It is essential that each year the embassy Financial Management Officer (FMO) and each agency local representative meet and discuss what services the agency wants to receive, what

services can be provided, what should be deleted, and identify any special arrangements for distributing costs more equitably. They should work closely with the embassy Administrative Officer on any changes in the level of services requested/provided or problems that arise in negotiating the agreement. The embassy Administrative Officer is the DoS representative who signs the FAAS agreement, thus, agreeing to provide the services requested. Each agency's senior representative at the embassy signs on behalf of the agency, agreeing to pay for the services received. The agreement can be negotiated anytime and should be reaccomplished annually prior to the Embassy Administrative Officer's submission of all information to DOS in September. The FMO accomplishes all preliminary work with agency counterparts who must approve not only the agreement, but all aspects of the agency's participation in the FAAS system before the senior agency representative signs.

CONCLUSION

The overall purpose of the FAAS system and its management principles are based on the following premises:

The taxpayers' interests are best served by expanding the basic support structure of one agency to include the support requirements of other agencies, thus eliminating costly duplicative support structures.

The Department of State will maintain the basic staff and facilities needed to support its permanent programs overseas.

The additional support staff and facility increments necessary to support all other USG programs can be readily identified.

The added costs of support to other agencies can be distributed to those agencies in a way which recognizes their varied support requirements.

Under FAAS, DoS funds the basic administrative resources (CORE) necessary to support its own programs overseas. To the extent CORE resources are able to support other agency programs, the support is provided without charge. Other agencies reimburse DoS only for the added resources that are determined as necessary to support their programs. Costs of these added resources (DAS) are shared totally by the serviced agencies through the application of workload factors which measure the varying degrees of support used by each participating agency.

REFERENCES

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