



Federal Protective Service Sustainable Fee Model

First, Second, and Third Quarter Summary

November 5, 2018

Fiscal Year 2018 Report to Congress



**Homeland
Security**

National Protection and Programs Directorate

Message from the Director of the Federal Protective Service

November 5, 2018

I am pleased to present the following report, "Federal Protective Service Sustainable Fee Model," which has been prepared by the National Protection and Programs Directorate for the first, second, and third quarters of Fiscal Year (FY) 2018.

This report was compiled pursuant to language set forth in the Joint Explanatory Statement, which accompanies the FY 2018 Department of Homeland Security Appropriations Act (P.L. 115-141). The report provides information on the actions and activities involved with designing and developing a new fee model for the Federal Protective Service (FPS) in order to address FPS resource shortfalls and long-term needs, and to fulfill mission responsibilities, including its implementation and impacts on customer agencies.



Pursuant to congressional requirements, this report is being provided to the following Members of Congress:

The Honorable Kevin Yoder
Chairman, House Appropriations Subcommittee on Homeland Security

The Honorable Lucille Roybal-Allard
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable Shelley Moore Capito
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Jon Tester
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

I would be pleased to respond to any questions you may have. Please do not hesitate to contact my office at (202) 732-8000.

Sincerely,

A handwritten signature in black ink that reads "L. Eric Patterson". The signature is stylized with a large "L" and a long horizontal stroke.

L. Eric Patterson
Director, Federal Protective Service
National Protection and Programs Directorate



Federal Protective Service Sustainable Fee Model

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I. Legislative Language

This document has been compiled pursuant to the legislative language set forth in the Joint Explanatory Statement that accompanies the Fiscal Year (FY) 2018 Department of Homeland Security (DHS) Appropriations Act (P.L. 115-141). The Joint Explanatory Statement states:

FPS, in conjunction with the Department and OMB, shall provide a report to the Committees on a quarterly basis, beginning not later than 90 days after the date of enactment of this Act, describing its progress toward developing a sustainable funding model that will adequately address FPS resource shortfalls and long-term needs in order to fulfill mission responsibilities.

II. Executive Summary

The Federal Protective Service (FPS) is a law enforcement and security agency with a long history of protecting U.S. Government facilities and safeguarding the millions of employees, contractors, and visitors who pass through these facilities every day. FPS was established in 1971 as the uniformed protection force for the General Services Administration (GSA). On March 1, 2003, pursuant to the Homeland Security Act of 2002 (6 U.S.C. §§101 et. seq.), FPS was transferred from GSA to DHS. Within DHS, FPS was organized initially as a part of U.S. Immigration and Customs Enforcement until its transfer to the National Protection and Programs Directorate (NPPD) in FY 2010 (effective October 28, 2009).

Under NPPD, FPS is responsible for policing, securing, and ensuring a safe environment in which Federal agencies can conduct business. These duties include protecting approximately 1.4 million Federal employees and millions of U.S. citizens who seek services from the Federal Government every day. To accomplish its mission of protecting Federal facilities and occupants, FPS currently has an annual budget authority of about \$1.6 billion as well as approximately 1,500 employees, additional contractor support, and 13,500 contracted Protective Security Officers (PSO) located throughout the country.

Section 1706 of the Homeland Security Act of 2002, codified at 40 USC 1315(a), vests in the DHS Secretary the authority and responsibility to “protect the buildings, grounds, and property that are owned, occupied, or secured by the Federal Government” (6 USC 203(3) & 6 USC 232(a)). The authority for FPS to recover the cost of law enforcement and security services can be found at 40 USC 586(c) (implemented at 41 CFR 102-85.135). Congress recognizes and confirms FPS’s reimbursable authority in the annual appropriations legislation.

FPS’s offsetting collections authority was a part of the FY 2018 DHS Appropriations Act (P.L. 115-141) and listed within the accompanying Joint Explanatory Statement. The Joint Explanatory Statement requires DHS and the Office of Management and Budget (OMB) to provide a quarterly report to the Committees, beginning not later than 90 days after the date of enactment of this appropriation. The quarterly report must detail the progress toward developing a sustainable funding model that adequately addresses FPS’s resource requirements so that it can fulfill its mission responsibilities. This document serves as the initial report for this effort with additional status updates to follow.

In September of 2017, DHS, NPPD, and FPS formed a working group and conducted meetings to identify and examine alternative fee concepts and revenue requirement levels for FPS. The working group conducted an analysis to identify a new fee model. The analysis examined operational and descriptive factors related to the buildings that FPS protects.

This report provides information on the actions and activities involved with designing and developing a new fee model for FPS, including its implementation and effect on customer agencies.

III. FPS New Revenue Model

Process Background

FPS, in collaboration with NPPD's Office of the Chief Financial Officer (OCFO) and the DHS Program Analysis and Evaluation Office, spent approximately 10 months developing a new fee model as well as analyzing its required operational capabilities in order to determine the funding level necessary to achieve mission success.

The working group identified 56 factors from 14 sources that describe Federal buildings and the work of FPS related to law enforcement and physical security at these buildings. The working group analyzed 17 of these factors and cost data from FYs 2014, 2015, 2016, and 2017 to identify which factors predict FPS's basic security costs.

At the same time, DHS, NPPD, and FPS evaluated FPS's operational capabilities and future funding level requirements to determine the capabilities that FPS needs in order to carry out its mission in a cost-effective manner. This effort included a thorough review of FPS's available financial resources (to include revenue, historical carryover, and recoveries) over the past several years and the identification of operational capabilities that FPS requires to fulfil its mission. The analysis also incorporated FPS's staffing model, which the U.S. Government Accountability Office has reviewed, to determine the force level necessary to perform its mission.

The group briefed the new fee model and FPS's funding requirement to OMB on April 30, May 4, and May 10, 2018. FPS collaborated with OMB to finalize the statistical validation and verification of the new fee model, and completed this task in July 2018.

New Revenue Model Completion

In the summer of 2018, DHS finalized the new revenue model. OMB approved the new revenue model and a fee increase for FPS in July 2018.

In order to determine the FY 2020 basic security assessment for each customer agency, FPS applied the model to the building portfolio that was current at the end of FY 2017. The new revenue model replaces both the \$0.78 per-square-foot security charge and the 8-percent overhead charge on building- or agency-specific agreements. The ongoing method of collecting direct costs from customers for PSOs and technical countermeasure contracts is separate and does not change.

Implementation: Impact on Customer Agencies

With this new fee model, FPS, NPPD, and DHS do not anticipate changes to the security services that FPS provides to customer agencies. However, the new fee model will affect customers because it reflects the actual services provided. Some agencies will see an increase and some will see a decrease in their annual security bills as the fee transitions starting in FY 2020 from the square footage model to the services model.

Implementation: Communications Documents

In order to communicate the changes to customers, FPS distributed the following documents to its customers:

- Frequently asked questions;
- New revenue model email message;
- Customer impact analysis assessment;
- FY 2020 fee rate letter for each customer; and
- Fee overview (an attachment to the fee rate letter for each customer).

Next Steps in Process

FPS will continue working with DHS and customers on implementation efforts. FPS also plans to conduct NPPD OCFO roundtable sessions with customer agencies and other stakeholder meetings to continue with interagency collaboration.

IV. Conclusion

FPS developed its new revenue model in collaboration with DHS OCFO and with a complete review by OMB. The new revenue model was finalized and approved by OMB in July 2018.

FPS has communicated the FY 2020 annual basic security assessment to all customers via letter and email. FPS has met with several customer agencies and their responses have been generally positive. FPS will continue to work with internal and external stakeholders on implementation and process integration.

V. Appendix: Abbreviations

Abbreviation	Definition
DHS	Department of Homeland Security
FPS	Federal Protective Service
FY	Fiscal Year
GSA	General Services Administration
NPPD	National Protection and Programs Directorate
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
PSO	Protective Security Officer