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SECRETARY OF THE AIR FORCE**

**AIR FORCE INSTRUCTION 65-601,
VOLUME 1**



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Financial Management

***BUDGET GUIDANCE AND
PROCEDURES***

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction aligns with and implements AFPD 65-6, USAF Budget Policy. Volume 1 contains rules and procedures for using Air Force appropriated funds. In cases of conflict with other Air Force instructions or policy directives, the funding propriety rules stated here take precedence. This publication applies to all military and civilian Air Force personnel, including the US Air Force Reserve, Air National Guard (ANG), and the Civil Air Patrol.

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SUMMARY OF CHANGES

This interim change revises AFI 65-601, Volume 1, by (1) adding the Defense Working Capital Fund (DWCF) will not fund the movement of DWCF materiel moving to a Centralized Repair Facility (CRF) to be repaired/refurbished or from a CRF back to the point of use, (2) stating the Second Destination Transportation (SDT) Centrally Managed Allotment (CMA) will also be used to fund Repair Network Manager (RNM) directed shipments to/from CRFs in support of the

Repair Network Enterprise, and (3) to update tables 18.1 and 18.2. A margin bar (|) indicates changed material.

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Chapter 1

FINANCIAL MANAGEMENT IN THE AIR FORCE

1.1. Overview. Financial management is the process of determining requirements, obtaining resources, and effectively and efficiently applying those resources to meet the Air Force's direct mission and support responsibilities. Commanders are responsible for this process. Financial management also has oversight responsibilities to include evaluation of internal controls, procedures, and protection of government assets.

1.2. Applying This Instruction. All activities that prepare, justify, and execute Air Force appropriations, including Air Force business areas of the Defense Working Capital Fund, must follow this guidance.

1.3. Responsibilities. The following responsibilities are established:

1.3.1. The Deputy Assistant Secretary of the Air Force, Budget (SAF/FMB):

1.3.1.1. Establishes Air Force appropriated fund budget guidance and procedures for preparing, justifying, and executing budgets.

1.3.1.2. Provides guidance on organizational and appropriation funding responsibilities and use of funds (propriety) issues.

1.3.1.3. Develops and maintains the budget structure and associated codes.

1.3.1.4. Serves as a member of the Air Force Services Council (SAF/FMB), serves as Chairperson, NAF Finance Committee (SAF/FMB) and provides the Chairperson for the Air Force Services Audit Committee (SAF/FMBO). See details in AFI 65-107, *NonAppropriated Funds Financial Management Oversight Responsibilities*, and Committee Charters.

1.3.2. MAJCOMs, Air Force Reserve (AFR), Air National Guard (ANG), Headquarters Air Force (HAF), Field Operating Agencies (FOA), Direct Reporting Units (DRU), and Civil Air Patrol (CAP) program managers and installations will program, budget and administer appropriated funds according to the guidance and procedures in this instruction.

1.4. Related Guidance. See related guidance in Department of Defense (DoD) 7000.14-R, *Department of Defense Financial Management Regulation*, authorized by DoD Instruction 7000.14, *Department of Defense Financial Management Policy and Procedures*; Volume 2 of this AFI, *Budget Management for Operations*; AFMAN 65-604, *Appropriation Symbols and Budget Codes*, and AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation (MWR) and Nonappropriated Fund Instrumentalities (NAFI)*. See financial regulations of the Defense Finance and Accounting Service (DFAS) for related accounting guidance available at <https://dfas4dod.dfas.mil/library/>

Chapter 2

WARRANTS, APPORTIONMENTS, TRANSFERS, AND REPROGRAMMING

2.1. Overview. The Congress, the Office of Management and Budget (OMB), the Treasury Department, and Office of the Under Secretary of Defense Comptroller OUSD(C) must take certain actions before the Air Force can legally obligate and expend appropriated funds. An appropriation bill becomes law (is enacted) when the President signs it, or when the Congress passes it over the President's veto (unless the bill gives a different effective date). After the Congress enacts an appropriation, the Treasury issues an appropriation warrant and OMB apportions the appropriation. Title 31 U.S.C., Section 1512 contains apportionment criteria.

2.2. Responsibilities:

2.2.1. SAF/FMB requests apportionment from the DoD Comptroller.

2.2.2. When the DoD operates under a continuing resolution authority (CRA), SAF/FMB must request apportionment from the Office of Management and Budget (OMB) for amounts needed during the period of the CRA. SAF/FMB will issue funding documents to major commands (MAJCOM) and other Air Force field activities. OMB approves apportionment requests.

2.2.3. If the Congress has not enacted the DoD appropriation act and has not passed a CRA, SAF/FMB will provide guidance on how to operate without funding authorization. Usually, federal agencies **cannot** initiate new program starts under continuing resolutions.

2.2.4. The transfer of funds between appropriations resulting from congressionally directed transfers or reprogramming actions are accomplished by SAF/FMB using SF Form 1151, *Nonexpenditure Transfer Authorization*, processed through and validated by the Treasury Department. SAF/FMB can make transfers only with legal authority, e.g., congressionally directed transfers in appropriation language, or specific Congressional direction/approval, e.g. reprogrammings.

2.3. Reprogrammings:

2.3.1. Reprogramming involves realigning funds from one purpose (or program) to another; a program may be defined as a line item on the *Base for Reprogramming Actions* (DD 1414) for a given year. Within DoD, reprogramming includes transferring funds between appropriations and moving funds between programs (which can include line items, sub-programs, sub-projects as applicable) in the same appropriation.

2.3.2. The Congress authorizes and appropriates funds for programs that are either stated in statutory language or discussed in the committee reports that accompany authorization and appropriation acts. However, Congress recognizes unforeseen requirements occur during the execution phase of a budget and, therefore, permits reprogramming of funds in execution within certain guidelines, which are subject to annual Congressional guidance. Both statutory and regulatory rules govern reprogramming.

2.3.3. Follow these rules:

2.3.3.1. The Congress must provide prior approval of a reprogramming if it:

2.3.3.1.1. Transfers funds between appropriation accounts or working capital funds that involve the use of transfer authority.

2.3.3.1.1.1. For Internal Reprogramming actions, transfer of funds from one appropriation to another **for the same purpose** does not require Congressional Approval. However, there may be exceptions; see DoD FMR 7000.14-R, Volume 3, Chapter 6. The transfer is requested via a DD Form 1415-3 *Internal Reprogramming*. DoD FMR 7000.14-R details ‘audit-trail type actions’ that fall under internal reprogramming. Example: A congressional add to the O&M, AF appropriation for research and development work – this activity is properly funded in RDT&E, AF. See OSD Reprogramming Authority Policy for additional details; reference DoD FMR 7000.14-R, Volume 3, Chapter 6.

2.3.3.1.2. Affects an item known to be of special interest to one or more Congressional oversight committees. In rare instances, when funds from special interest items are to be reprogrammed from an existing program, subprogram, project, or subproject to another program, subprogram, project, or subproject within the same procurement line item or program element, letter notification to the congressional committees may be made.

2.3.3.1.3. Increases the quantity of a procurement line item authorized by Congress in quantity terms, unless specific Congressional language allows for additional quantities to be procured within appropriated funds. Increases resulting from such language require approval via a DD 1415-1, *Reprogramming Action*.

2.3.4. See **Chapter 6** for guidance on within-scope contract changes and upward obligations for canceled accounts.

2.3.5. See **Chapter 18** for Reprogramming in Defense Working Capital Fund Business Areas.

2.3.6. See DoD FMR 7000.14-R, Volume 3, Chapters 6 and 7 for further details.

2.4. Congressional New Start Notification Procedures.

2.4.1. Congressional new start notification procedures are delineated in DoD FMR 7000.14-R, Volume 3, Chapter 6. Appropriation thresholds are established by the OUSD(C); contact the SAF/FMB appropriation manager for threshold, etc. matters.

2.4.1.1. **New Start:** A program, subprogram, modification, project or subproject, regardless of amount, not explicitly and previously justified to, and funded by, the Congress in a given appropriation through the normal budget process. This includes any effort that is not described in the Research, Development, Test and Evaluation (RDT&E) or Procurement Justification Books accompanying the President’s Budget (PB). Budget justification documentation submitted to Congress can be found on the SAF/FM web site at <http://www.saffm.hq.af.mil/budget>. For purposes of this paragraph, the following definitions apply.

2.4.1.2. Program.

2.4.1.2.1. For **investment accounts**, the aggregate level of budget line items as identified in the President’s Budget P-1 and R-1 justification documents and related classified annexes and reports as subsequently modified by Congressional action.

- 2.4.1.2.2. For **O&M and Military Personnel accounts**, new starts would be significant new programs that have not been explicitly justified to Congress in budget justification material. Refer to the subactivity group on the O-1 for the program level identification and the detailed narrative justification for specific activities.
- 2.4.1.3. **Sub-Program/Project/Sub-Project:** The most specific level of budgeted items identified in the President's Budget justification documents and related classified annexes. These sub-programs, project, and sub-projects are shown as separate efforts below the P-1/R-1 line.
- 2.4.1.3.1. For **RDT&E** refer to R-2A budget exhibits by fiscal year. The Budget Program Activity Code (BPAC) may also indicate the level of detail that should be reviewed.
- 2.4.1.3.2. For **Aircraft, Missile, and Other Procurement** refer to P-40 narrative and supporting exhibits such as P-3As, P-5s.
- 2.4.1.3.3. Note that the RDT&E BPAC may exist and have funds in the year of the effort under consideration; however, if this new effort is not included in the budget documentation, a new start notification is still required.
- 2.4.1.4. **Modifications:** Modifications are the alteration, conversion, modernization, or major service life extension of an end item of investment equipment which changes or improves either the original purpose or operational capacity in relation to effectiveness, efficiency, reliability or safety of that item. P-1 line items are considered programs, and modification number identified on the P-3 report would be the sub-program or project.
- 2.4.1.4.1. All modifications, regardless of amount, not previously justified and appropriated by Congress require Congressional notification or prior approval (depending upon dollar value) before obligations can occur. See OSD Reprogramming Authority Policy for additional information.
- 2.4.1.4.2. **Safety Modification.** Safety modifications and safety programs costing less than \$20 million for the entire effort can be initiated immediately following submission of Congressional notification. See DoD FMR 7000.14-R, Volume 3, Chapter 6, paragraph 060403.D. A modification that corrects a material deficiency which caused a Class A Mishap (per AFI 91-204, *Safety Investigations and Reports*), as determined by the AFSC Memorandum of Final Evaluation, shall be classified a safety modification. Other modifications may be classified as a safety modification as described in AFI 63-131, *Modification Management*.
- 2.4.1.4.3. **Low cost Modification (Mod #9999X):** Individual modifications funded in the Low Cost Modification line generally satisfy an unforeseen requirement estimated to complete within one year. Total funding for efforts on the Low cost Mod line for each fiscal year should not exceed \$2.0M per year. Any effort not consistent with the Low Cost Mod line budget documentation or efforts exceeding the \$2.0M dollar threshold are not considered "low cost" and must be documented on a separate P3A and are subject to new start guidelines.
- 2.4.1.4.4. **Service Bulletin.** Service bulletins are airworthiness directives issued by the FAA or the weapon system manufacturer. These modifications are required to

keep the weapon system in compliance with FAA standards and to maintain FAA certification. Modifications as a result of FAA service bulletins are considered new starts if they occur during execution years and are not consistent with the Service Bulletin modification line budget documentation.

2.4.1.5. Spares and Repair Parts: Items procured by these lines are normally not individually justified; therefore, procurement of additional items, based upon demand, would normally not be considered to be new starts. New Start notification procedures do apply whenever it results in a new program or P-1 line item.

2.4.2. Refer to AFI 63-101, *Acquisition and Sustainment Life Cycle Management* for additional guidance.

2.5. Deferrals and Rescissions. Initiate deferral actions only with SAF approval. Forward requests for deferrals through MAJCOMs/FOAs to SAF/FMB for review and approval. See [Attachment 4](#) for specific DoD Comptroller guidance on using deferrals and rescissions.

Chapter 3

BUDGET AUTHORIZATION, ALLOCATIONS, AND ALLOTMENTS

3.1. Administering Budget Authority Documents:

3.1.1. This chapter explains procedures for using budget authorizations, allocations, suballocations, allotments, and suballotments for appropriations that are not administered under the accounting system for operations. AFI 65-601, Volume 2, explains how to use the operating budget authority document (OBAD) for appropriations administered under the accounting system for operations.

3.1.2. The Air Force goal is to provide optimum fund flexibility at all levels. Therefore, Air Force funds issuing activities will:

3.1.2.1. Issue budget authorizations and other management type authorizations at the highest practical level within an appropriation, consistent with the requirements of management and limitations imposed by the executive and legislative branches of the federal government.

3.1.2.2. Issue allocations and allotments (including suballocations and suballotments) at the appropriation level at all echelons except as indicated in **paragraph 3.6**.

3.1.2.3. Include limitations on funds use required by law and limitations on funds use required by the legislative and executive branches of the federal government and the Department of the Air Force on allocation documents. Limitations subject to Title 31 U.S.C. (and DoD FMR 7000.14-R, Volume 14) must apply to total availability or total obligations for specific purposes. Clearly identify each specific limitation in the "Limitations" portion of the allocation document.

3.1.3. Operating agencies that receive budget authorizations and allocations from SAF/FMB must issue budget authorizations and suballocations or allotments to themselves for direct administration and obligation, or to subordinate or lateral activities.

3.1.4. Operational activities that receive budget authorizations and suballocations or allotments must use these authorizations for direct administration and obligation. However, if performance is to be by another activity, issue budget authorizations and allotments, suballotments, AF Form 616, *Fund Cite Authorization*, or other citation of funds to those activities.

3.1.5. Recipients who subissue budget authorizations, suballocations, allotments, or suballotments may not remove nor add to restrictions contained in the instruments they receive.

3.1.6. The ultimate end user may subdivide the budget authorizations, allotments, or suballotments as necessary to maintain control over funds, provide data for budget estimates and reports, and provide for local management requirements.

3.1.7. Commands, subcommands, or installations that receive budget authorizations and allotments or suballotments from parent organizations, which are to be obligated for the requirements of tenant units located on or supported by the host organization, will subdivide them when necessary to:

- 3.1.7.1. Make sure their use is in accordance with the tenant's approved execution plan.
- 3.1.7.2. Maintain control on limitations placed on the use of funds.
- 3.1.7.3. Provide required data for preparing and revising the tenant's annual execution plan and required reports.
- 3.1.8. Further divisions of budget authorizations and allotments or suballotments by the ultimate user (for example, element of expense investment codes (EEIC) or responsibility center/cost center codes (RC/CC)), are not subdivisions of funds under DFAS-DE "*Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force*". (**NOTE: AF Form 616 is not a subdivision of funds under DoD FMR 7000.14-R, Volume 14.**)

3.2. Basis for Budget Authorizations:

- 3.2.1. The approved annual execution plan is the basis for the budget authorizations issued by SAF/FMB. SAF/FMB will advise the major commands (MAJCOM) and field operating agencies (FOA) of the approved execution program by issuing budget authorizations for the applicable fiscal or program year. All echelons of command responsible for issuing budget authorizations to subordinate or lateral organizations must make sure that the aggregate of amounts issued does not exceed the amount of the budget authorization received.
- 3.2.2. Budget authorizations represent the approved execution program with which the recipient can plan to accomplish the mission in an orderly manner. Each additional budget authorization received for the applicable fiscal or program year must reflect the cumulative authorization for that year. Budget authorizations do not grant the authority to incur obligations and are not administrative subdivisions of funds under DoD FMR 7000.14-R, Volume 14. For the procurement and RDT&E appropriations, see **paragraph 3.6.1.1.**

3.3. Expired Year Budget Authorizations. When the authority to incur new obligations moves into expired year status, the purpose of budget authorizations issued (MILPERS and O&M are exempt) remain valid, at line item detail, until they reach cancelled year status.

3.4. Using Allocations and Suballocations:

- 3.4.1. Use an allocation or suballocation to delegate financial authority to the office responsible for making funds available for obligation. Air Force policy requires that fund allocations, suballocations, and allotments follow program responsibility; therefore, issue these documents to the commanders who administer the programs.
- 3.4.2. HQ USAF allocates funds to commands in amounts consistent with the apportionment approved by the Office of Management and Budget (OMB) or under a continuing resolution authority (CRA) passed by the Congress. Allocations represent a maximum limit for further suballocation, allotment, or suballotment. Allocations for multiple year appropriations are issued in full for each respective fiscal year's appropriation.
- 3.4.3. MAJCOMs and FOAs must distribute allocations at once by issuing suballocations or allotments to intermediate commands or installations. (**EXCEPTION:** in the case of construction projects funded from the military construction and military family housing authorizations, the MAJCOM may retain a contingency reserve and review and approve all changes other than mandatory field changes.)

3.4.4. Intermediate commands that receive suballocations must issue allotments to installations. Each additional allocation or suballocation received under an appropriation will be either an increase or decrease to the original amount received.

3.4.5. Carry forward unobligated balances of quarterly allocations and suballocations to succeeding quarters of the fiscal year.

3.4.6. Specific line items included on combined budget authorization and allocation documents issued by SAF/FM for the procurement and RDT&E appropriations are legal limitations under Title 31 U.S.C., Sections 1341 and 1517, and DFAS-DE "*Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force*". Include a statement to this effect in the remarks section of the combined document.

3.5. Using Allotments and Suballotments:

3.5.1. The Air Force uses an allotment to make funds available for commitment or obligation from an allocation or suballocation. A suballotment makes funds available for commitment or obligation from an allotment. The allotment or suballotment grants and limits an installation's authority to incur commitments or obligations.

3.5.2. Commands issue allotments or suballotments to installations in amounts consistent with the allocation or suballocations received from higher authority and with budget authorizations made to the installations.

3.6. Issuing Budget Authorizations and Allocations. SAF/FM issues budget authorizations and allocations as follows:

3.6.1. Aircraft Procurement (57*3010), Procurement of Ammunition (57*3011), Missile Procurement (57*3020), and Other Procurement (57*3080) appropriations are available for new obligation for 3 years. The RDT&E appropriation (57*3600) is available for new obligation for 2 years.

3.6.1.1. For the life of the appropriation, budget authorizations (BA) are issued at the legal limit and carry through into the expired years.

3.6.1.1.1. Specific limitations to budget authorizations issued for these accounts are established by line items on AF Form 401, ***Budget Authority/Allotment***, based on limitations imposed by the DoD, Congress, SAF/FM, and reprogramming flexibility.

3.6.1.1.2. The line item amount or ceiling amount, whichever is larger, on AF Form 401 is an absolute restriction and has the same effect as a separate subdivision of funds within the related allocation or allotment (DoD FMR 7000.14-R, Volume 14 and DFAS-DE "*Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force*"). SAF/FM approval is required to exceed the line item or ceiling amount, whichever is larger, on AF Form 401.

3.6.1.1.3. Requests should indicate if required financing is available from other line items and by what date the adjustment is required. Confirm telephone requests in writing. Approved adjustments must be shown on the next Program Authority (PA) and Budget Authority (BA). When time is a critical factor, approve adjustments by message and confirm on the next PA and BA issued. Recipients of funding

documents should maintain a suspense control system for timely follow-up and receipt of formal written copies of documents when authority is received by telephone or other informal means.

3.6.2. Military Construction Air Force (57*3300), Military Construction Air Force Reserve (USAFR) (57*3730), Military Construction Air National Guard (ANG) (57*3830), and Family Housing Account (57*/0740) appropriations are available for new obligation for 5 years.

3.6.2.1. Issue budget authorizations at budget program level, except budget programs 320 and 330, and budget programs 351, 711, 712, 713, and 714 which are issued at the installation or construction program level.

3.6.2.2. Issue allocations at appropriation level for the current and all program years, except for budget program 710 which is issued within the budget project level.

3.6.3. Operation and Maintenance, ANG (57*3840) and Family Housing Account (57*0745). (See AFI 65-601, Volume 2, for Operation and Maintenance, Air Force (57*3400), and Operation and Maintenance, Air Force Reserve (57*3740).)

3.6.3.1. Issue budget authorizations at budget program activity level for each fiscal year.

3.6.3.2. Issue allocations at appropriation level for each fiscal year.

3.6.4. Military Personnel (57*3500), Reserve Personnel (57*3700), and National Guard Personnel, Air Force (57*3850):

3.6.4.1. Issue budget authorizations at budget program and project level for each fiscal year.

3.6.4.2. Issue allocations at appropriation level for each fiscal year.

3.6.5. Military Assistance Program, Executive Appropriation (57-11*1080):

3.6.5.1. Issue budget authorizations:

3.6.5.1.1. At budget project level for the current program year and program level for prior program years under limitations .001 and .003.

3.6.5.1.2. At program year level for limitations .002 and .004.

3.6.5.2. Budget authorizations for the current year cover estimated current year requirements only (limitations .001 and .003). Budget authorizations for limitations .002 and .004 cover program year requirements.

3.6.5.3. Issue allocations for each limitation on a "from inception" basis.

3.6.5.4. **Chapter 17** DFAS-IN/JAX [DFAS Security Cooperation Accounting (SCA)], and DoD FMR 7000.14-R Volume 15 contain procedures for International Military Education and Training (IMET) (57-11*1081) and Military Assistance Program, Executive Appropriation (MAP) (57-11*1080) funds.

3.6.6. **Chapter 17** DFAS-IN/JAX [(DFAS Security Cooperation Accounting (SCA)], and DoD FMR 7000.14-R, Volume 15, Chapters 2 and 3 cover Foreign Military Sales Trust Fund (97-11X8242) budget authorization use.

3.6.7. Defense Working Capital Fund (DWCF) (97*4930): OUSD(C) issues annual Operating and Capital Budget authority schedules to the Air Force and other DoD Components. OUSD(C) issues separate schedules providing official management cost goals for each AF Business Area. In turn, SAF/FMB issues operations and capital budget operating authority and Unit Cost (UC) goals to each Command/FOA with business areas in the DWCF. Activity goals may vary from the Component business area's total goal. However, the sum of the activity goals may not exceed the Component total cost authority. See [Chapter 18](#).

3.6.8. Air Force Management Fund (57X3960):

3.6.8.1. Issue budget authorizations at the management fund project account level for each fiscal year.

3.6.8.2. Issue allocations at the management fund project account level for each fiscal year.

3.6.9. Wildlife Conservation, Military Reservations, Air Force (57X5095):

3.6.9.1. Issue budget authorizations at appropriation level for each program year.

3.6.9.2. Issue one allocation at appropriation level covering all program years.

3.6.9.3. You may use allocations for any program year for which a budget authorization is issued.

3.6.10. The Air Force will issue budget authorizations and allocations on any other appropriations or funds that the Air Force administers on the same basis as on comparable appropriations or funds identified above.

3.6.11. Budget authorizations issued by HQ USAF reflect additional subcategorization used by HQ USAF to determine the overall authorizations. Such subcategorization is informational. It is neither a limitation of use of the budget authorization nor an indication of the number and type of subcategory breakouts that may be made by the ultimate user. Unless specifically stated to the contrary, this added detail is intended only to provide the recipient with a better understanding of the dollar amounts.

3.6.12. The centrally managed account for foreign currency fluctuations (OAC 34), DFAS records the difference between the budgeted foreign currency rates versus those in effect at the time of payment for the operation and maintenance, Air Force appropriation. The amounts recorded in the account also serve as the basis for obtaining a nonexpenditure transfer authorization (SF 1151, *Non-expenditure Transfer Authorization*) from the Foreign Currency Fluctuation, Defense Account.

3.7. Operating Centrally Managed Allotments (CMA):

3.7.1. The Secretary of the Air Force must approve centrally managed allotments (CMA) (see DFAS-DE *“Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force”*). AFMAN 65-604 identifies the CMA under the respective appropriations and project accounts.

3.7.2. Usually the Air Force uses these allotments to finance those activities where central controls are more practical than establishing controls with specific allotments. Examples of

activities that are usually funded with CMAs are pay and allowances of military personnel and permanent change of station expenses, subsistence-in-kind, and medical care.

3.7.3. CMAs provide a way to advise budget, accounting, purchasing, certifying officers, disbursing officers, and others that funds are available for the purpose authorized under the stated account classifications.

3.7.4. The amount of the CMA is an administrative subdivision of funds in accordance with Title 31 U.S.C., as implemented by DFAS-DE “*Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force.*”

3.7.5. Activities that want to establish a CMA must obtain approval by the Secretary of the Air Force. Send the request to establish a CMA to SAF/FMPC in accordance with DFAS-DE “*Interim Guidance on Procedures for Administrative Control of Appropriations and Funds Made Available to the Department of the Air Force*” for review and evaluation to determine that adequate controls have been established to avoid over obligation.

3.7.5.1. You must fully justify the need, delineate possible alternatives, and demonstrate clearly why the CMA method is the only practical administrative procedure.

3.7.5.2. The official who establishes the CMA must, to the extent prescribed by law, directive, and regulation, make sure that obligations are not incurred in excess of the amount available.

3.7.6. The establishing official is responsible for administering the CMA and must prescribe an adequate system of control to include: designation (by name or position) of specific individuals authorized to incur obligations or make expenditures against each CMA, and establishment of suitable limitations on the numbers, quantities, or volume for which obligations may be incurred. The system must provide for accounting and reporting at least monthly and ensure that timely notice is given to prevent the CMA from being over obligated by taking necessary management action, which may include:

3.7.6.1. Increasing the amount of the CMA, before incurring an over obligation.

3.7.6.2. Terminating the CMA.

3.7.6.3. Taking other necessary management actions to prevent an over obligation.

3.7.7. The official establishing a CMA must do an annual review to determine whether to continue its operation. The Secretary of the Air Force makes this determination. Include an internal evaluation of the control procedures established to prevent violation of Title 31 U.S.C. and DoD FMR 7000.14-R, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations*, Appendix A and recommend whether to continue the CMA.

3.8. Year-End Adjustments:

3.8.1. When an appropriation expires for new obligation purposes, the unobligated balance of allocations, suballocations, allotments, and suballotments, remains available for valid adjustments (DFAS -DE 7000.4-R, *Accounting for Obligations*). Usually, the appropriate echelon of command does not withdraw the unobligated balance of allocations, suballocations, allotments, or suballotments until there is no known requirement for the balance. In turn, each echelon must advise the next higher headquarters when the balance or

a portion of the balance is available for withdrawal. The issuing authority makes subsequent adjustments (usually downward) to an allocation, suballocation, allotment, or suballotment on the basis of information in the status of funds reports.

3.8.2. If you need an additional allocation, suballocation, allotment, or suballotment because obligations incurred in a previous year were not known until after 30 September, immediately request additional funds from the issuing authority. Give a full explanation of why you need the increase and comply with DoD FMR 7000.14-R, Volume 14. See **Chapters 2 and 6** on expiring appropriations and canceled accounts.

3.8.3. After funds have expired for new obligations, it is imperative that comptrollers, budget officers, resource advisors, and contracting personnel, in cooperation with DFAS, review the status of prior year obligations and promptly deobligate invalid or unneeded Undelivered Orders Outstanding (UOO). A periodic review of these balances is required to assure that sufficient unobligated balances are available to cover upward obligation adjustments (claims, overruns, target-to-ceiling, etc.) and avoid the risk of incurring antideficiency violations.

3.9. Using AF Form 401, Budget Authority/Allotment:

3.9.1. HQ USAF, MAJCOMs, intermediate commands, and FOAs use AF Form 401, or its mechanized equivalent, to issue budget authorizations, allocations, suballocations, allotments and suballotments, or make adjustments to these actions. Usually, you use AF Form 401 to issue other than O&M-type funds, and an **Operating Budget Authority (OBA)** document to issue O&M type funds (see AFI 65-601, Volume 2). Funding issued on this form is an administrative subdivision of funds under DoD FMR 7000.14-R; therefore, do not use it in lieu of the AF Form 616, **Fund Cite Authorization**. You may use the form for all appropriations or funds issued to subordinate activities. The receiving budget office must furnish a copy of the AF Form 401 to the servicing accounting office.

3.9.2. Prepare AF Form 401 as follows:

3.9.2.1. **Heading.** Self-explanatory. To number documents begin with number "1" at the start of the program year and continue in numerical sequence for each recipient organization for each appropriation.

3.9.2.2. **Program/Project Column.** If control is maintained at other than appropriation level, enter control codes such as the budget program (BP), budget program activity code (BPAC), project/subproject, Budget Authorization Account Number, (BAAN), and/or program element code (PEC) in this column.

3.9.2.3. **Annual Budget Authority (ABA) Columns.** Enter in the respective columns the total of previous funds issued, amount of increase or decrease, and revised funding available for the appropriation (or applicable BP, BPAC, PEC, project/subproject or BAAN) shown in the program/project column.

3.9.2.4. **Cumulative Quarterly Authority Column.** These columns reflect the cumulative amount of funds issued starting with the first quarter of the program year. The AF Form 401 issued during the:

3.9.2.4.1. First quarter will show cumulative amount authorized for the first quarter.

3.9.2.4.2. Second quarter will show the cumulative amount from the beginning of the year for the second quarter.

3.9.2.4.3. Third quarter will show the cumulative amounts from the beginning of the year for the third quarter.

3.9.2.4.4. Fourth quarter will reflect annual program in the fourth quarter column.

3.9.2.5. Remarks/Limitations Block:

3.9.2.5.1. The issuer should identify the document as an allocation, suballocation, or allotment. For example, "This is a suballocation."

3.9.2.5.2. Parent organizations issuing funds for tenants to host organizations must include information required by the host to administer the approved execution plan of the tenant.

3.9.2.5.3. Limitations on issued funding will be in accordance with [paragraph 3.1](#) above.

3.9.2.5.4. Other remarks should include any general information that would provide the recipient with a better understanding of entries shown on the upper parts of the AF Form 401.

3.9.2.6. During the year of execution, quarterly obligation authority issued by SAF/FMBOI on funding documents to commands is based on gross obligations, not gross commitments in the accounting system. **However, quarterly and annual obligation authority available to a command must be sufficient to cover that command's gross commitments.**

3.10. Locally Prescribed Forms and Formats. Air Force activities that have implemented mechanized procedures for issuing budget authorizations, allocations, suballocations, and allotments may substitute computer-generated forms, properly identified as AF Form 401, Apr 84 (electronic form), for the AF Form 401. The use of an electronically reproduced equivalent of an original signature is acceptable for a document requiring an original signature.

3.10.1. Accomplish internal control of fund documentation through use of computer software.

3.10.2. Command fund control systems will provide validation of fund authorities by use of access codes and lockout procedures.

3.10.3. Budget analysts will use one set of assigned access codes to prepare fund authorizations. Individuals with the signature authority will use other controlled access codes to cause their signature element and an authorization symbol to appear in the signature section of the fund document and permit the transmission of the authority to the funded activity.

3.10.4. Transmit the authentication, signature element, and symbol to the field as part of the funding document.

3.10.5. The issuing activity will retain signed originals of the computer-generated fund documents.

3.11. Emergency Funding Actions. When urgent funding adjustments are required, you may need to use interim methods (messages, telecoms, etc.). Continue to maintain funds control discipline in these situations. This discipline must ensure that activities do not inadvertently violate DoD FMR 7000.14-R, Volume 14.

3.11.1. Funding by Messages, Data faxes, Etc. When using this technique, include in your correspondence, as a minimum: the FY and appropriation being adjusted, the effective date of the adjustment, funds information (previous total, adjustment, and the revised total), and the name and phone number of the issuing action officer. In addition, advise the receiving activity to promptly acknowledge receipt of the adjustment.

3.11.2. Funding by Telecom. Both the issuing and receiving activities will immediately document the transaction with a memo for record. The memo will minimally include: the FY and appropriation being adjusted, funds information (previous total, adjustment, and the revised total), and the name and phone number of both the issuer and receiver.

3.11.3. Follow-up Requirements. In all emergency transactions, the issuing activity will issue a formal funding document, reflecting the adjustments, within 1 month or at the next document issue cycle, whichever occurs first. Both the issuing and receiving activities will establish follow-up suspenses to ensure compliance with the formal funding document timeframe requirements.

Figure 3.1. Designation of Appropriation Managers.

Appropriation/Code	Appropriation Manager
Operation & Maintenance, AF (57*3400)	SAF/FMBOI
Operation & Maintenance, AFR (57*3740)	AF/RECB
Operation & Maintenance, ANG (57*3840)	ANGNGB/FMA
Military Personnel, AF (57*3500)	SAF/FMBOP
Reserve Personnel, AF (57*3700)	AF/RECB
National Guard Personnel, AF (57*3850)	ANGNGB/FMA
RDT&E, AF (57*3600)	SAF/FMBIZ
Aircraft Procurement, AF (57*3010)	SAF/FMBIZ
Missile Procurement, AF (57*3020)	SAF/FMBIZ
Procurement of Ammunition, AF (57*3011)	SAF/FMBIZ
Other Procurement, AF (57*3080)	SAF/FMBIZ
National Guard & Reserve Equipment (97*0350)	
Air National Guard	ANGNGB/FMA
Air Force Reserve	AF/RECB
Military Construction, AF (57*3300)	SAF/FMBIC
Military Construction, AFR (57*3730)	AF/RECB
Military Construction, ANG (57*3830)	ANGNGB/FMA
Family Housing, 57*0745 and 57*/0740	SAF/FMBIC

Defense Working Capital Fund (AF Business Areas) (97/4930)	SAF/FMBMR
Wildlife Conservation (57*5095)	SAF/FMBOI
International Military Education and Training (57- 11*1081)	SAF/FMBMS
Foreign Military Financing (57-11*1082)	SAF/FMBMS
Foreign Military Sales Administrative Fund (97- 11*8242)	SAF/FMBMS
Air Force General Gift Fund (57*8928)	DFAS Columbus
Air Force Cadet Fund (57*8418)	USAFA

NOTES:

1. SAF/FMB manages the Centrally Managed Allotment (CMA) for the Military Personnel appropriation.
2. SAF/FMBIC manages Foreign Currency Fluctuation CMAs for the Military Construction, Family Housing Construction, and Family Housing O&M appropriations.
3. SAF/FMBOI manages the Foreign Currency Fluctuation CMA for the Operation and Maintenance appropriation.

Chapter 4

BUDGETING AND FUNDING GUIDANCE FOR VARIOUS APPROPRIATIONS

Section 4A—Obligating Funds During the Last Two Months of the Fiscal Year.

4.1. Applying the 20-Percent Limit on Obligations. Except as noted below, obligate no more than 20 percent of your annual (1 year) appropriations during August and September of any fiscal year. Every department or agency must apply this limit at the appropriation level rather than against each budget program or project, with one exception: for the Reserve Personnel appropriation, apply the 20-percent limit to the total of the annual budget authorizations for projects that must meet this limit.

4.1.1. If HQ USAF directly issues funds to your command, limit *Operation and Maintenance Appropriations (3400, 3740 and 3840)*.

4.1.2. If you are in the Air National Guard (ANG) or Air Force Reserve (AFR) do not limit your Military Personnel appropriation (3700 and 3850).

4.1.3. Applying Exceptions to the 20-percent Limit. Do not limit obligations during August and September of the fiscal year if **Figure 4.1** below applies.

Figure 4.1. Exceptions to the 20-Percent Limit on Obligations in August and September.

A. If You Are In	Do Not Apply the Limit B. And the Obligation Concerns	C. Because
Any command	Programs assigned to Military Personnel Appropriations	The Deputy Asst. Secretary (Budget) administers this appropriation centrally with compensating controls to stay under the limit
Any command	Reprogrammings and supplemental budget authority approved or appropriated and received during the last 2 months of the fiscal year	Statutes do not require
AFRC or AETC	Supporting active duty Reserve Personnel projects for training of components, summer camp training of ROTC, or active duty for training (summer field training) of participants in the Health Professions Scholarship Program.	DoD Appropriations Act excludes

4.2. This paragraph intentionally left blank.

Section 4B—Information Technology Equipment (ITE) and Resources

4.3. Budgeting and Funding for General Purpose ITE. Whether you are in an Active or Reserve component, follow this section to select the correct appropriation for funding to develop, buy, lease, and maintain Information Technology (IT) Resources. Acquisition of ITE may involve procurement actions ranging from base-wide, organization, or functional community local area network (LAN) systems down to ancillary equipment (e.g., personal computers, printers, etc.) and software that operates totally independent of a LAN. When commands cannot agree to funding responsibilities, refer the matter to SAF/FMBM.

4.3.1. Network Acquisition. Network infrastructure consists of the equipment necessary for the effective transfer of electronic information between terminal devices. Common examples of networks include the base telephone systems; Non-secure Internet Protocol Routed Network (NIPRNET); Land Mobile Radios; Giant Voice; and Second Generation Wireless Local Area Network (2GLAN). A network can be broken down into discrete network segments.

4.3.1.1. Include the total cost of the entire discrete network segment within the scope of effort, when applying the \$250,000 expense and investment criteria to a procurement action. Include any additional network installation costs (e.g., quality assurance, system engineering, equipment installation, testing, etc.) in the aggregate cost of all equipment items being acquired to make the network segment operate. [NOTE: Use O&M funds to finance installation if anyone other than the prime contractor (or direct subcontractor) installs the system or modifies it as a result of state-of-the-art changes.]

4.3.1.2. Network segment system modifications or upgrades of equipment essential to network operations obligated within any 12-month period should be considered part of the same requirement and the total cost will be subject to the expense and investment criteria. Cost each upgrade or modification separately from the original purchase. The same applies to parts purchased to replace components, which are functioning but "are no longer logistically supportable." Ensure that network segment system modifications or upgrades are not an attempt to fragment the requirement to circumvent the expense and investment threshold.

4.3.1.3. Network Terminal Equipment Acquisition. Terminal equipment consists of end-user communications equipment such as computers, telephones, land mobile radios, and portable computers. Terminal equipment procured with the initial procurement of the network infrastructure may be budgeted with investment funding, as the collection of equipment is needed for the capability. The periodic technical refresh and replacement of terminal equipment should be budgeted in accordance with the expense and investment threshold on a "cost per component" basis. Repair parts or components should be functionally equivalent to the unit being replaced and purchased to replace a failed component. Use O&M funds for these types of requirements if each component purchased is less than \$250,000 (current threshold). The overriding rule is that stand-alone operational integrity of ancillary Information Technology Equipment (ITE) must be maintained in deciding to procure, upgrade, or modify ITE using O&M funding.

4.3.1.4. PC Application Software Loaded on Network File Server. MAJCOMs and installations must implement management controls to ensure that sufficient applications

software is procured to permit implementation of stand-alone operation of each PC, should the network fail for an extended period of time. The major task is to ensure that only the authorized number of copies of application software are procured, installed and used throughout the network, whether in a networked mode (launched from the file server) or from the individual PC hard drives. Where the application software is to be loaded or stored, does not determine the type of expense and investment funding to be used for a PC, only whether the PC can operate independently or is integral to a LAN's system operation. Purchase sufficient application software at the same time network PCs are procured using O&M funds to ensure stand-alone PC operational integrity is maintained. **EXCEPTION:** Those requirements where the procurement of a PC is intended to upgrade older, less capable computer equipment and the application software can be reused on a one-for-one basis on the upgraded PC.

4.4. O&M Funded Facilities and Activities. Finance the acquisition and operation of IT resources supporting O&M funded facilities and activities as follows:

4.4.1. **Leasing or Maintaining ITE.** Use O&M funds.

4.4.2. **Acquiring ITE.** Apply the \$250,000 expense and investment threshold criteria to the total cost of the ITE system to determine which appropriation to use. (**NOTE:** An ITE system is a group of components that are interconnected, designed mainly to operate together, and procured at the same time. The complete system cost is the aggregate cost of all components that are part of, and function together, as a system to meet a documented requirement.)

4.4.2.1. Use O&M if the total system cost is under \$250,000.

4.4.2.2. Use Other Procurement if the total system exceeds \$250,000 or more.

4.4.2.3. Use Other Procurement funds for centrally managed equipment items. (The \$250,000 threshold does not apply; see [Figure 4.3](#))

4.4.2.4. Exclude contract costs associated with the preparation of real property (e.g., building modification, cable trenching, etc.; see [Table 4.1](#)).

4.4.2.5. Do not fragment the validated requirement for IT, or upgrade to a communications or automatic data processing system or acquire IT in a piecemeal fashion in order to circumvent the expense and or investment criteria guidance.

4.4.2.6. Apply the determination of expense or investment cost on the basis of each system in the requirements document (e.g., Cyberspace Infrastructure Requirements, Cyberspace Infrastructure Planning System, etc.), if the document includes more than one system. Purchasing several items at the same time does not necessarily mean the items are part of one system. For example, if you are buying four small computers for administrative offices in an organization, which may be interconnected (e.g., for sending electronic mail), consider these as four separate systems if their primary purpose is to operate independently. Regarding LANs, a basic rule to follow is that separate requirements documents should be prepared for items integral to an independent LAN's operation and items not integral to a LAN's operation.

4.4.2.7. Using Productivity Programs. If you are purchasing ITE under provisions of Productivity Enhancing Capital Investment (PECI) Programs, group the ITE to comprise an integrated system (or systems) capable of amortizing all investment costs within the

criteria established in AFI 38-301, *Productivity Enhancing Capital Investment Program*. Under PEI analyst direction, approved projects are funded with specific Fast Payback Capital (FASCAP) or Productivity Investment Fund (PIF) funds. Apply the expense/investment rule criteria to determine correct funding.

4.4.3. **Acquiring Software:**

4.4.3.1. **Use O&M funds for:**

4.4.3.1.1. Software maintenance and minor modification, and for other IT contractual services. Additionally, software releases categorized as iterations on the basic release and not involving significant performance improvements or extensive testing are considered a maintenance effort and are purchased with O&M type funds. Minor improvements in software functionality which are accomplished during routine maintenance are also funded using O&M type funds, as are modernization costs under \$250,000 and one-time projects (e.g., developing planning documents and studies). See DoD FMR 7000.14-R, Volume 2A, Chapter 1.

4.4.3.1.2. Software that is not obtained from a development or services contract and for which the Air Force obtains unlimited data rights (i.e., the Air Force will actually own the software and be free to use, duplicate, distribute, and dispose of the software without restriction from its publisher or developer).

4.4.3.2. Use O&M or investment funds based on the expense/investment threshold (and include in the total system cost, if applicable) for application software with limited data rights or licensed to the Air Force (proprietary software). If proprietary software is financed on an annual fee basis, it is an expense item properly financed in RDT&E or O&M.

4.4.3.3. **Use RDT&E funds** for major upgrades increasing performance envelope, development activities bringing a program to its objective system, COTS requiring engineer design, integration, and T&E to meet objective performance. Use RDT&E to obtain software via a software development contract (i.e., where the acquiring activity pays a contractor for the software development services). Use RDT&E for the acquisition, and operation and maintenance of IT systems used exclusively to support RDT&E activities.

4.4.4. **Communications Cable Funding:**

4.4.4.1. For maintenance and repair of existing cable (e.g., metallic, fiber optic, premise wiring, etc.) regardless of whether or not the cable is located inside a building or between buildings, Commands will always use O&M funds for these requirements.

4.4.4.2. For an entire information transport system (e.g., cable plant) purchase and installation the expense and investment criteria will be applied. Other Procurement funds will be used for information transport systems (ITS) that exceed \$250,000. O&M funds may be used if the system cost is \$250,000 or less.

4.4.4.3. **Construction in Conjunction With Cabling Projects.** Commands will follow rules of minor construction projects. If the specific requirement is less than \$750,000, then Commands will use O&M funds. If an expansion is above \$750,000, Commands will document the requirement in the Cyberspace Infrastructure Planning System where it

can be centrally funded (e.g., Combat Information Transport System or Base Communications Infrastructure) using Other Procurement funds. Refer to Table 4.1 for additional guidance regarding ITE site preparation and types of funding.

4.4.5. Land Mobile Radio Systems. For the purchase of new trunked systems exceeding \$250K, use Other Procurement funds to acquire the trunked infrastructure (antennas, base stations, repeaters) and enough radios to achieve initial operational capability for one functional set. O&M funds should be used to purchase the remainder of the individual radios, each of which is less than the expense/investment threshold. For future infrastructure upgrades, use O&M or investment funds based on the expense/investment threshold.

4.5. RDT&E Funded Facilities and Activities. Use RDT&E for all of the costs identified in 4.4, above, for funding by the O&M and Other Procurement appropriations.

4.6. Defense Working Capital Fund (DWCF) Facilities and Activities. Use DWCF to finance all costs associated with the acquisition and operation of IT resources supporting DWCF funded facilities and activities.

4.6.1. Use operational DWCF to acquire IT if the total system cost is under \$250,000. See 18.7.9.2. for exceptions.

4.6.2. Use capital DWCF if the total IT system cost exceeds \$250,000. See DoD FMR 7000.14-R, Volume 2B, Chapter 9, paragraph 090103.C.15 for guidance regarding associated software costs.

4.7. Site Preparation. **Table 4.1** Contains guidance for determining the type of funds to use for ITE site preparation. Additional guidance is in paragraph 8.18

4.7.1. **Table 4 1.** Covers two situations: Alteration of an existing facility to accommodate new ITE or to better accommodate ITE currently housed in the facility (columns 2 and 3); and addition to an existing facility or construction of a new facility to accommodate ITE (columns 4 and 5).

4.7.2. Types of funds are denoted by **CON** for construction, **EQP** for investment equipment, and **EXP** for expense.

Table 4.1. Funding for Information Technology Equipment (ITE) Site Preparation.

Categories	Alteration of Existing Facility		Addition or new construction	
	Materials	Installing	Materials	Installing
1. Raised flooring (see Chapter 8 , paragraph 8.22.5. for exception).	EXP	EXP	CON	CON
2. Air conditioning for:				
a. Equipment space directly related to ITE operations and not in associated space.	(note 2)	EXP	CON (note 1)	CON (note 1)

Categories	Alteration of Existing Facility		Addition or new construction	
	Materials	Installing	Materials	Installing
b. Equipment space directly related to ITE operations and concurrently in associated space.	CON	CON	CON (note 1)	CON (note 1)
3. Utility work:				
a. Secondary utility work necessary to connect ITE to the building services.	(note 2)	EXP	CON	CON
b. Primary utility work and secondary utility work not described in 3a.	CON	CON	CON	CON
4. Removal and installation of interior partitions, etc.:				
a. To permit installation of ITE.	EXP	EXP	CON	CON
b. For other than the installation of ITE.	CON	CON	CON	CON
5. Uninterrupted power supply (UPS).	EQP	EXP(note 3)	EQP	(note 3)
6. Real property installed generator.	CON	CON	CON	CON
7. Fire protection system:				
a. Built into the facility such as a sprinkler system.	RPIE	RPIE	RPIE	RPIE
b. HALON 1301 total flooding system.	(note 4)	(note 4)	CON	CON

NOTES:

1. You may use either Military Construction (3300) or O&M Minor Construction (3400) funds, depending on the total cost, when you procure or install air conditioning systems as RPIE in conjunction with new construction or construction of an addition to a new facility (see **Section 8E, Chapter 8**).

2. Purchase individual equipment items costing over \$250,000 with investment equipment funds; all other items are expense.

3. Use investment equipment funds if you purchase the UPS on an installed basis; otherwise, installation is an expense. The associated site preparation is always construction for addition or new construction.

Categories	Alteration of Existing Facility		Addition or new construction	
	Materials	Installing	Materials	Installing
4.If you purchase the HALON 1301 total flooding system on an installed basis, use investment equipment funds; otherwise, purchase individual equipment items costing more than \$250,000 with investment equipment funds; all other costs are expense.				

4.8. Embedded Computers. Apply the following rules to determine how to fund embedded Information Technology Equipment (ITE) and software developed or acquired under the systems management procedures (acquisition series of instructions).

4.8.1. Use RDT&E to:

4.8.1.1. Fund all initial ITE and software development efforts up to the point where an operational configuration baseline has been tested, evaluated, and accepted or qualified.

4.8.1.2. Finance the design, development, test and evaluation of embedded ITE and software. This includes all costs related to feasibility studies, system design, preparation, integration (including interface with other systems or subsystems), and associated documentation.

4.8.1.3. Design and develop training devices, such as simulators, that employ new or off-the-shelf computers and system components, but have software and interface components unique to the training system. Use RDT&E for the initial system and all of its support cost through acceptance by the Air Force. Typically, these training devices have small quantity requirements and the initial system is eventually used for operational training.

4.8.2. Do not use RDT&E funds beyond the initial system unless the training organization needs more than one full system to demonstrate the training device performance before accepting it.

4.8.3. To buy fully developed and tested ITE and software, use the same appropriation that funds the acquisition of the weapon or support system of which it is a part. Fund fully developed and tested ITE and software associated with an equipment modification with the same appropriation that funds the production mod kits (see also paragraph **Chapter 8Section 8G** for guidance on modification funding).

4.8.4. Use O&M-type funds to finance the maintenance of embedded ITE and software, except for investment items necessary for maintenance. Use procurement appropriations to finance investment items that are funded by the procurement appropriations. **Paragraph 4.8** applies for embedded ITE and software used in research and development programs or owned by RDT&E funded activities.

4.8.5. Fund changes to existing operational software as follows:

4.8.5.1. Use O&M-type appropriations or funds for changes designed to correct latent errors or deficiencies in software programs that otherwise meet criteria for operational suitability and usefulness.

4.8.5.2. Use O&M-type appropriations or funds for changes designed to improve reliability, maintainability, safety, or that otherwise qualify as normal life-cycle support.

4.8.5.3. Use RDT&E funds for changes designed to increase the capability of the system to perform its mission, to add new capability, or to remove an existing capability. However, use the O&M-type appropriation that funds the maintenance for software changes (or blocks of such changes) that are relatively minor in scope and cost, and that can be accomplished during regular software maintenance.

4.8.6. See **Chapter 8Section 8G** for instruction on funding software changes related to equipment modification engineering tasks. Use O&M, RDT&E or DWCF funds for other software changes associated with end item modification programs as discussed elsewhere in **paragraphs 4.8** and **8.26**

4.9. Funding Other Equipment with Computers. This category includes equipment items such as materiel handling equipment that contain or depend upon computer devices but are not C4 systems.

4.9.1. Use procurement accounts to finance the initial acquisition cost.

4.9.2. Finance software changes as an expense.

4.9.3. Finance such charges from the DWCF for DWCF-funded facilities and activities

4.10. Information Technology (IT) – Summary Considerations. IT is a complex subject with many exceptions and criteria. Another helpful way to look at this topic is to bear in mind major considerations. Table 4.2 provides major considerations and limited general information, and does not attempt to address every situation. For additional information, see the DoD FMR 7000.14-R, Volume 2A, Chapter 1 (including subparagraphs 010201, 010209 and 010212), other guidance in this AFI, and Defense Acquisition System guidance.

Table 4.2. Information Technology – Major Considerations (not sequential).

<p>Centrally managed or not centrally managed? Embedded or not embedded? Underlying tasks and purpose for IT effort; more than one appropriation may be required. Appropriation or working capital fund to use:</p> <p style="padding-left: 20px;">RDT&E</p> <p style="padding-left: 40px;">Major upgrades increasing performance envelope of existing systems Development activities bringing a program to its objective system Commercial-off-the-shelf (COTS) systems requiring engineering design, integration, test and evaluation to achieve objective performance Acquisition/operation/maintenance of IT systems used exclusively to support RDT&E activities</p> <p style="padding-left: 20px;">Procurement</p> <p style="padding-left: 40px;">Acquiring and deploying a complete system with a cost of \$250K or more (check DoD FMR 7000.14-R, Volume 2A, Chapter 9for possible changes to the investment-expense threshold) For modifications, only the cost of the upgrade is counted towards \$250K</p>
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<p>threshold</p> <p>Fully developed and tested modification kits (including install and tech assistance)</p> <p>Operations & Maintenance (O&M)</p> <p>Continuing operations, current services, maintenance</p> <p>Modernization under \$250K, including one-time projects such as developing planning documents and studies</p> <p>Minor improvements in software functionality accomplished during routine maintenance</p> <p>Defense Working Capital Fund (DWCF)</p> <p>IT systems developed for and acquired through the DWCF</p> <p>Capital Budget, if <i>above</i> threshold defined in DoD FMR 7000.14-R, Volume 2B, Chapter 9 references above</p> <p>Operating Budget, if <i>below</i> threshold defined in DoD FMR 7000.14-R, Volume 2B, Chapter 9 references above</p>
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Section 4C—Honoraria

4.11. Approving Honoraria and Speaking Fees. Follow guidance in the DoD FMR 7000.14-R, Volume 10, Chapter 12, Section 1208. Use O&M funds to pay honoraria or fees according to established approval levels:

Table 4.3. Honoraria Approval Thresholds.

Installation Commanders	\$1,000 or less
MAJCOM, FOA, DRU Commanders	\$2,000 or less
HQ USAF/CVA	More than \$2,000

4.11.1.1. To determine the appropriate approval level for honorariums or speaking fees, only the actual amount of the honorarium or speaking fee, **excluding** per diem and travel expenses, will constitute the cost against which the threshold is to be applied. If a person is going to sign a speaking contract for \$2,000 and that contract is for 4 speeches on an installation at \$500 each, the \$2,000 contract would determine the approval level required (MAJCOM, FOA, DRU Commander), not the \$500 cost of each address.

*Section 4D—Emergency and Special Program (ESP) Codes***Table 4.4. Assigning ESP Codes.**

Air Force activities at all levels assign ESP codes. These special accounting and reporting codes collect costs incurred during an emergency or in support of a special program.			
Assigning Organization	Scope	Code Description First Position	Second Position
SAF/FMB	Air Force-Wide	Any alphanumeric	"A" through "G"
MAJCOM-FOA/FMs	MAJCOM-Wide	Any alphanumeric	"H" through "W"
Installation/FMs	Local	Any alphanumeric	"X", "Y" or "Z"

4.12. Reserved For Future Use.**4.13. Using ESP Codes:**

4.13.1. The assigning FM organization along with the activity requiring the data will assign a title to each ESP code, and will determine whether incremental or total costs need to be collected.

4.13.2. Comptrollers and budget officers at all levels must make sure that operating personnel are made aware of the importance of properly identifying and capturing all costs associated with emergency and special programs. Only accurate cost data can provide the documentation to obtain funding or reimbursement when appropriate and meet reporting requirements.

4.13.3. Installations or commands must send requests for establishing Air Force-wide ESP codes through MAJCOM/FM channels to SAF/FMBMM for assignment of an Air Staff sponsor. Describe the program or situation that requires cost identification and indicate whether full or incremental costs should be collected. SAF/FMB will assign the code and issue implementing instructions. In addition, once a year (usually in September) SAF/FMB issues a list of all Air Force level ESP codes for the next fiscal year.

4.13.4. ESP codes apply to most appropriations. Use these codes on all applicable commitment, obligation, and expenditure documents, generally placing them in the accounting classification immediately following the accounting and disbursing station number (ADSN) (for example: ESP Code AA). Periodically, SAF/FMB or MAJCOMs require the use of specific ESP codes. Reference AF ESP codes at <https://www.my.af.mil/gcss-af/USAF/ep/globalTab.do?channelPageId=s6925EC13532B0FB5E044080020E329A9> when constructing a line of accounting. Also reference MAJCOM ESP lists.

Section 4E—Technical Data

4.14. Financing the Procurement and Printing of Technical Data. The source of funds to procure and print tech data depends upon the appropriation or fund that procures the end item of equipment or system to which the data is applicable. Apply funds as follows:

4.14.1. **Acquisition Phase.** Pay for the initial technical data with the same appropriation (and budget program) or DWCF business activity that pays for the end item of equipment or system being supported. Include the cost of both the reproducible copy and the cost of printing multiple copies, whether you obtain the printing by a separate contract from a government printing plant or as a provision of the production contract. Use these same rules for spare and repair parts.

4.14.2. **Modifications.** Pay for all technical data required as a result of a modification to an end item of equipment or system with the same appropriation (and budget program) or DWCF activity that pays for the modification. Use the rules for printing in the preceding paragraph. See also [Chapter 8](#).

4.14.3. **Post Acquisition and Modification Phase.** Use O&M in these situations, but only when the technical data support equipment or systems are financed with procurement appropriations (3010, 3011, 3020, and 3080). (See [paragraph 4.14.5](#) for printing and reproduction costs.)

4.14.3.1. When production contracts and modification contracts funded with investment appropriations no longer exist to satisfy requirements for reproducible copy not initially procured with the equipment or system.

4.14.3.2. For new requirements for developing and preparing equipment program master tapes for out of production (in-service) equipment.

4.14.3.3. To finance the revision or replacement of previously procured technical data that has become unusable due to excessive use, abuse, or loss and to fund the changes needed to bring the guidance into current status.

4.14.4. Use DWCF funds for the technical data and associated requirements when the equipment is procured by the DWCF or when modifications to that equipment require technical data after production or modifications.

4.14.5. **Funding Printing and Reproduction Requirements.** Use O&M funds - EEIC 50100 for printing procurement by the Government Printing Office (GPO) and by commercial printers and EEIC 75671 for printing services by the Document Automation and Production Service (DAPS) and 75672 for printing services with GPC by the Document Automation and Production Service (DAPS) - (**NOTE:** The DWCF finances all of the foregoing requirements for equipment funded by the Defense Working Capital Fund.)

4.14.5.1. To finance the contractual printing (reproduction) of multiple copies of technical data (or literature from technical data) applicable to out-of-production equipment and systems. This rule does not apply to printing requirements relating to initial equipment or system data procurement, modification and initial tech data funded with investment appropriations.

4.14.5.2. To pay for contractual reproduction (duplication) of automatic equipment program master tapes prepared from Air Force-owned reproducible master tapes.

4.14.5.3. See DoD Instruction 5330.03 Defense Logistics Agency (DLA) Document Services, for policy on use of DAPS.

4.15. Funding Engineering Drawing Requirements:

4.15.1. When obtained in connection with procurement of equipment or a system, use the same appropriation (and budget program) or DWCF business area as used to finance procurement of the equipment or system for which the drawings are required. These same funds also finance the printing or reproduction of multiple copies.

4.15.2. When procured in conjunction with a modification, use the same appropriation (and budget program) or DWCF activity that financed the modification. This applies both to the cost of the drawings and the printing of needed multiple copies.

4.15.3. To finance the following requirements, use either O&M funds if the equipment or system was procured or modified using investment funds or DWCF funds if the equipment was procured or modified with DWCF funds:

4.15.3.1. Replacement of previously procured drawings that have now become unusable due to excessive use (illegible, worn or torn).

4.15.3.2. Drawings needed for purposes other than equipment or system procurement, and required because they were not originally procured on the production or modification contract, which is now closed.

4.15.3.3. The cost of contractual engineering or drafting talent when needed to update, consolidate or redraw existing engineered drawings.

4.15.3.4. Contractual accomplishment of master layout (MLO) drawings, templates, tube bend data and like items.

4.15.4. Use O&M funds (EEIC 50100) to finance the contractual cost of printing or reproducing necessary multiple copies of drawings for equipment or systems procured with investment appropriations. Use DWCF for the same requirement for equipment procured by DWCF.

4.16. Commercial Manuals. Initial procurement of these manuals is part of the equipment or system procurement cost. Apply the following for additional copies:

4.16.1. Charge to O&M (EEIC 50100) if the Air Force has reproduction rights and the equipment or system was procured with investment appropriations and the manual is incorporated into the system.

4.16.2. Charge the printing cost to DWCF if the manuals are applicable to equipment procured by DWCF.

4.16.3. Charge the cost to O&M if a commercial manual has a TO number, but only for those manuals applicable to equipment or systems procured with investment appropriations.

4.16.4. Charge the printing to DWCF if the manuals are applicable to equipment or systems procured by DWCF.

4.17. Technical Data for Replenishment Spares Procurement. Charge both the cost of the reproducible copy and the cost of reproducing multiple copies to the same funds used to procure the spare parts if procuring replenishment spares involves acceptance of:

4.17.1. A substitute item,

- 4.17.2. A different manufacturer of the item, or
- 4.17.3. A new item specification, and
- 4.17.4. New specifications, new technical data, or revisions to existing data are required.

4.18. Technical Data for Common Support Equipment. Finance changes to weapon systems technical data resulting from the replacement of common support equipment from the appropriation buying the equipment.

Section 4F—Space Launch Support Services

4.19. Financing Launch Services. Fund launch support services as follows:

- 4.19.1. If the launch is of a research and development (3600 funded) payload, use the RDT&E (3600) appropriation.
- 4.19.2. If the launch is of an operational (3020 funded) payload, use the Missile Procurement (3020) appropriation budgeted in the year of the launch.
- 4.19.3. Charge launch support services provided by Major Range and Test Facility Bases (MRTFB) to the funding appropriation as indicated above on a direct cost basis per AFI 99-103, *Capabilities-Based Test and Evaluation*. Use O&M funds to pay for standard range support costs.
- 4.19.4. Contractor launch support services budgeted in Procurement appropriations are incrementally funded if they are not related to the delivery of an end item (OUSD(C) (P/B) May 16, 1997 Policy).

4.20. Propellants Funding. Use O&M (3400) funds to pay for liquid and gaseous propellants. Pay for solid propellants with 3020 funds.

Section 4G—Organizational, Intermediate, and Depot Logistic Support Provided By Contractors

4.21. Funding Contractor Support Programs:

4.21.1. Interim Contractor Support (ICS). Budget and fund ICS in the weapon system/equipment procurement line item or the weapon system/equipment modification procurement line, as applicable. When non-Air Force agencies require work on an Air Force ICS contract, the using activity will reimburse the appropriate procurement account through the responsible system program office. Budget for the ICS on the end item line or modification procurement line even if there is no end item or modification kit being procured. ICS specifically refers only to the use of a contractor in the following cases:

4.21.1.1. The items to be supported or items of support equipment that have an unstable design, and the projected cost of setting up an organic capability at the time operational support is first required is excessive, due to uncertainties in the type and level of support required because of the risk that support resources will become obsolete if procured too early.

4.21.1.2. All or part of the resources required to establish an organic capability that will not be available until after operational support is first required. In this case, the system

development, production, and deployment phases do not allow enough time to develop the support resources before organic support is needed (e.g., automatic test equipment development that generally lags behind the development of the system which it supports).

4.21.1.2.1. Under no circumstances is ICS to be interpreted as a means of compensating for a budget cut or any other unforeseen situation that may require the use of contract support. ICS must be planned budget lead-time away and have been subjected to rigorous cost and risk analysis.

4.21.1.2.2. ICS is not used to replace the requirement for testing and for fully demonstrating the adequacy of a new design for an acquisition or modification program before making a major deployment commitment. Instead, it is a method of controlling capital investment in logistics support while refining the requirements, resolving the technical problems, achieving design stability, and compensating for lead-time for complex support resource development.

4.21.1.2.3. ICS is predominately a depot level program because sound program management normally demands organic capability for the performance of all organizational and intermediate (O&I) level tasks when operational systems are initially delivered. Inclusion of O&I tasks under ICS should be accomplished only on an exception basis.

4.21.2. Contractor Logistics Support (CLS). Funding responsibilities are as follows:

4.21.2.1. Air Force Materiel Command (AFMC) Centralized Asset Management (CAM) program office will budget for Air Force active duty CLS programs. Use EEIC 578 to identify costs. Guard and Reserve will budget for their own CLS requirements.

4.21.2.2. For systems that are not weapon system specific (for example, Base and Installation Security System), the operating command that has the closest relationship and/or receives the most benefit has budgeting responsibility. If there is no clear relationship to any one operating command or no one command receives more benefit than the others, AFMC will retain budgeting and programming responsibility.

4.21.2.3. When a system transitions from organic logistics support to CLS, the operating command will program enough resources to fund those system spares which are in the Supply Management business activities inventory and are to be transferred to the CLS contractor.

4.21.2.4. The System Program Managers (SPM)/Product Group Managers (PGM) are responsible for budget execution and costing CLS requirements. The SPMs shall submit annual CLS labor obligations, material obligations, and labor hours reported in Cost Analysis Improvement Group (CAIG) format for each MDS no later than January 15th for the previous fiscal year ending on September 30th. CLS reporting formats are located on the AFTOC web page. The formats can be accessed via the Air Force Portal, Applications A-Z listing, and AFTOC – Air Force Total Ownership Cost Decision Support System link. These costs shall be further defined by a percentage break out between contractor and government for labor and materials. Submissions should be made in electronic format, sent by e-mail to SAFFMC.workflow@pentagon.af.mil.

4.21.3. Appropriations Chargeable. Determine the type of funds that will be used based on the type of contract, or services and items provided under the contract. There may be more than one appropriation, budget program activity code (BPAC), or element of expense/investment code (EEIC) that will be involved with one program. The following are examples:

4.21.3.1. If the contract is written to provide strictly a maintenance service (time and effort), charge the cost to an operating account, for example, O&M Air Force (except for DT&E or IOT&E). Contracts could require the contractor to provide all spares, repair parts, labor, and test equipment.

4.21.3.2. If the contract calls for the government to purchase and furnish the spares, repair parts, or equipment, including test equipment, then you may need to use more than one appropriation, BPAC, and EEIC.

4.21.3.3. Use the appropriate procurement/RDT&E appropriation to pay the cost if capital investment items (peculiar support or test equipment) centrally managed items, and/or data are furnished to the contractor.

4.21.3.4. Use O&M (EEIC 579 in the case of ICS) for the maintenance service part of the contract.

4.21.3.5. Charge an operating account (EEIC 605 or 609 from the DWCF, EEIC 619 if from other) if the government furnishes the supply parts (expense type items) used in maintenance.

4.22. Determining the Funds Chargeable. Specific funding guidance cannot cover all contracts or situations; therefore, the system manager, with assistance from and advice of the MAJCOM FM organization, must take the following actions for each proposed contractual action:

4.22.1. Review each contract with maintenance and procurement personnel to determine the type of service or product that is being procured.

4.22.2. Determine the proper appropriation and BPAC to use per AFMAN 65-604.

4.22.3. Refer questions that cannot be resolved to your HQ MAJCOM FM policy office, with subsequent submission to SAF/FMBM as needed. Provide your analysis and recommendations when submitting funding (propriety or responsibility) questions.

Section 4H—Prompt Payment Act (P.L. 97-177, 5CFR Part 1315, 31 U.S.C. Section 3901-3906)

4.23. Financing Prompt Payment Charges:

4.23.1. Federal departments and agencies must absorb interest penalties within existing appropriations. For DFAS paying offices supporting Air Force sites, the interest will be financed by the operating funds of the base being supported without regard to who caused the late payment.

4.23.2. Use only four appropriations to finance expenses for prompt payment--Air Force O&M (57*3400), Air Force Management and Support RDT&E (57*3600), Air Force Reserves O&M (57*3740), and Air National Guard (ANG)O&M (57*3840).

4.23.3. Host installations may charge the penalty to tenant O&M funds or DWCF only when evidence clearly exists that the tenant or DWCF was directly responsible for the incurrence of the interest penalty. If the host and tenant cannot agree on the tenant's liability for the penalty charge, the host installation commander, with advice from his or her comptroller, will make the final determination based on the facts of the individual case.

4.23.4. When non-Air Force paying offices (Army, Navy, Marines, DoD, etc.), not supporting Air Force sites, administer or pay Air Force contracts and incur prompt payment penalties, charge the interest payments to those activities without subsequent recoupment from the Air Force. For DFAS paying offices, not supporting Air Force sites that administer or pay contracts citing Air Force funds, charge the incurred interest payments to the operating funds of the base being supported without regard to who caused the late payment. **EXCEPTION:** Interest paid on Air Force contracts by DFAS-CO are charged to a Military Interdepartmental Purchase Order (MIPR) provided to DFAS-CO by the 11th Wing on behalf of SAF/FM.

4.23.5. For Foreign Military Sales (FMS), 4F interest penalty payments the following fund citation is authorized: 97-11X8242.0002 4F 8467 NPPI39 00*S380100. (The * in the fund citation indicates the position to place the reason code.) This field corresponds to the FMS line position normally cited. DSCA (27 Jan 98 Memorandum, "Line of Accounting for the Prompt Payment Act Interest") has directed that all disbursing activities request expenditure authority (EA) before making PPI disbursements. EA will be requested IAW guidance previously issued for all FMS disbursements. Questions regarding the 4F fund citation and EA should be directed to DFAS-JAXBA/IN (ref DFAS-AY/DE msg 121352Z Oct 01). For FMS Administrative Surcharge (4A) interest penalty payments cite the applicable CY Admin line of accounting using EEIC 682**. Reference the FM Data Quality Service (DQS) to determine the correct fourth and fifth position codes. Questions regarding the 4A fund citation should be directed to DFAS-JAXBG/IN.

4.23.6. Nonappropriated funds (NAF) paying offices or activities will charge interest penalty costs to NAFs.

4.23.7. See DFAS-DE 7010.5-R; *Direct, Refund, Reimbursement and Receivable Transactions at Base Level* for specific accounting instructions.

4.24. Assigning Data Elements:

4.24.1. Use fourth- and fifth-position AFEEIC code shreds for AFEE 759XX as follows (see the FM Data Quality Service for definitions):

4.24.2. Use the fourth-position numeric shred of AF EE 759 to reflect the reason a prompt payment interest penalty was incurred.

4.24.2.1. Use the fifth-position alpha-code shred of AFEE 759 to reflect the original appropriation cited on the voucher that incurred an interest penalty payment. Where more than one appropriation is cited on the contract, use the predominance rule to determine the fifth-position shred. The appropriation with the most dollars dictates the alpha shred selected. (An exception to the guidance is for FMS-related fund cites. Because these are reimbursable-type transactions, use a prorated breakdown between the appropriations based on dollar value to total contract costs to distribute AFEE 759 interest penalties to the proper fifth-position alpha shreds.)

Section 4I—Telephone System Costs

4.25. Funding Advance Deposits for Installation Costs of Telephone Cable Required for New Family Housing. Installations responsible for installing telephone cabling for new family housing will comply with the following guidance:

4.25.1. Charge the costs of trenching, backfilling, and paving associated with cable installation both within a new residential subdivision and within the 100 foot allowance to the appropriate construction appropriation.

4.25.2. Charge the payment of deposits against the cost of installing underground telephone equipment specifically required servicing a new subdivision to the appropriation financing the host-base operation.

4.25.3. Credit the appropriation financing the host-base operation for refunds of the deposits against the cost of installing underground telephone equipment specifically required servicing a new subdivision. (Refunds of the deposits are provided in the form of setoffs or credits against bills to the Air Force for services.)

4.26. Funding Other Telephone Activities:

4.26.1. Paying for Telephone Reconnection Charges. The Base Civil Engineer (BCE) and Chief of Services (CE) may approve appropriated fund payment for telephone reconnection fees which result from base actions for the convenience of the Air Force (only for local, non-PCS moves) . These entitlements are usually due to either a mandatory assignment to government housing facilities or the termination of assignment to quarters due to death of qualifying dependents.

4.26.2. Providing Telephones for Government Transient Facilities. Air Force installations may spend appropriated funds for telephone service and equipment in transient quarters when sufficient official need exists for a telephone (AFI 33-111, *Voice Systems Management*). Host MAJCOMs must establish controls to make sure appropriated funds are not used to pay for unofficial toll calls. The host MAJCOM must establish procedures for billing to transient residents when direct toll calling is allowed.

4.26.3. **Paying for Commercial "Unofficial" Telephone Service.** This paragraph, along with [Figure 4.2](#) describes funding procedures for acquiring, installing, and maintaining inside wiring used to provide commercial "unofficial" telephone service in facilities such as dormitories, military family housing, VAQs, VOQs, TLFs, etc. This funding guidance refers to the inside wiring that extends between the telephone company's point of demarcation at a facility and the subscriber's telephone outlet.

4.26.3.1. Assigning Funding Responsibilities:

4.26.3.1.1. Pay for the installation and maintenance of inside wiring in Air Force quarters with the appropriation that finances the construction, repair, or maintenance of government quarters.

4.26.3.1.2. In facilities other than Air Force quarters, the subscriber pays for the installation and maintenance, regardless of who owns the facility.

4.26.3.1.2.1. The subscriber pays for all costs associated with the service provided by the telephone company (for example, circuit activation fees, monthly

access fees, toll calls, long haul carrier access fees, instrument rental or procurement, etc.).

4.26.3.1.2.2. See **Figure 4.2** of this instruction and AFI 33-111 for further procedures and instructions. AFI 33-111 contains guidelines for both "official" and "unofficial" telephone service.

4.26.4. **Financing Telephone Wiring and Cable TV Wiring:**

4.26.4.1. Use Military Family Housing (MFH) P722 maintenance funds to finance the maintenance, repair, and minor alteration requirements for telephone wiring within MFH units.

4.26.4.2. The occupant pays for the provision and installation of the telephone instrument and for the relocation of outlets solely for the convenience of the occupant.

4.26.4.3. Installations must use MFH funds (P71X/P72X) to pay for cable TV prewiring as part of housing unit construction or improvement of units where cable TV is, or will be available.

4.26.4.4. For MWR and Lodging organizations, see AFI 65-106.

4.26.5. **Providing Command and Control Communications Services in Base Housing.**

4.26.5.1. Official telephone service in the form of direct lines to the base switchboard (NOTE: For this purpose, a direct line from the appropriate operational command post is an acceptable alternative) or Class C phone lines in personal quarters is authorized per AFI 33-111, only for those individuals in "positions requiring immediate communications response for command and control." Class A telephone service that provides local off-base or commercial long distance telephone service is not authorized. Telephone service may be authorized for on-base and Defense Information Systems Network (DISN)/Defense Switched Network (DSN) communications (given a mission essential need) when appropriate. Written authorization for such service must be kept on file for the duration of the service by the activity that provides the service. Except for alternate work sites (covered in P.L. 104-52, Title IV, Sec. 620, 19 Nov 95, Treasury, Postal Service, and General Government Appropriations Act of 1996 and AFI 33-111, paragraph 7.2.), appropriated funds are not authorized to provide telephone service in personal quarters where there is no clearly established requirement for immediate command and control capability. Personal need or convenience alone does not meet command and control criteria.

4.26.5.2. The access requirement cannot be granted solely on the basis of grade or rank. Individuals authorized official telephone service in their private (on-base) residence must have both a functional and immediate need for command and control access.

4.26.5.3. Appropriated funds may be used to provide Military Data Network services (such as NIPRNET, SIPRNET, and other special-purpose data networks) to private (on-base) residences when there is a command and control need for these services. **Establishing a requirement for immediate command and control capability is applicable before providing access to a military data network in a private (on-base) residence.** These military data network services can be used for official business only. The cost of cable installation in the MFH unit is chargeable to the Military Family

Housing (MFH) O&M Appropriation. Additional guidance on LAN services is provided in AFI 33-129, *Web Management and Internet Use*.

4.26.5.4. Costs associated with the installation, maintenance, repair, and upgrade of communications infrastructure in housing units and areas required by occupants for their official duties (and approved under AFI 33-111) will not be charged to the Military Family Housing appropriation.

4.26.6. **Flexiplace/Telecommunicating Support to Alternate Work Sites.** P.L 104-52, Treasury, Postal Service, and General Government Appropriations Act of 1996, Sec. 620 provides that appropriated funds may be used to install telephone lines and necessary equipment and to pay monthly charges in any private residence or private apartment of an employee who is authorized to work at home in accordance with guidelines issued by the Office of Personnel Management (OPM): Provided that the head of the department, division, bureau, or office certifies that adequate safeguards against private misuse exist and that the service is necessary for direct support of the agency's mission. Additional guidance may be found in AFI 33-111.

4.26.7. **Telephone Calling Cards.** See AFI 33-111, paragraph 17, for guidance on obtaining and use of telephone calling cards. Funding for telephone calling cards is the responsibility of the requesting organization.

4.26.8. **Wireless Cards, Cell Phones, Blackberry Devices, and Other-Hand Held Communications Devices.** Funding for these items, to include applicable user charges, is the responsibility of the requesting organization from their O&M type funds.

Figure 4.2. Funding for Installation and Maintenance of Telephone Wiring Used for Commercial "Unofficial" Telephone Service.

TYPE OF FACILITY	FUNDING APPROPRIATION INSTALLATION		REPAIR & MAINTAIN	MAINTENANCE RESPONSIBILITY
	MAJOR (Note 1)	MINOR (Note 2)		
Quarters: MFH	Appn 0740 P-711	Appn 0740/0745 P-722/P-713 (Note 3)	Appn 0745P- 722	Base CSSO
UEPH, UOPH	Appn 3300	Appn 3400	Appn 3400	Base CSSO
		EEIC 529		
TLFs, VOQs, VAQs	Appn 3300	Appn 3400	Appn 3400	Base CSSO
(Note 5)		EEIC 529		
AAFES Activities	AAFES	AAFES	AAFES	AAFES
(incl CONUS Pay Phones)				
DeCA	DeCA	DeCA	DeCA	DeCA

TYPE OF FACILITY	FUNDING APPROPRIATION INSTALLATION		REPAIR & MAINTAIN	MAINTENANCE RESPONSIBILITY
	MAJOR (Note 1)	MINOR (Note 2)		
MWR/NAF Activities (Note 4,5)	Subscriber	Subscriber	Subscriber	Subscriber
Other DOD Appropriated Fund Activities	Subscriber	Subscriber	Subscriber	Subscriber
Other Federal Agencies	Agency	Agency	Agency	Agency
State, County, Municipal Organizations	Agency	Agency	Agency	Agency
Non-profit Organizations	Subscriber	Subscriber	Subscriber	Subscriber
Business & Contractors	Subscriber	Subscriber	Subscriber	Subscriber
NOTES:				
<p>1.The cost of construction includes telephone wiring, jacks, terminal blocks, etc., so as to make the facility telephone ready. Construction does not include instrument rental-procurement or any charges levied by the telephone company associated with activating the telephone circuit or providing the telephone service to the subscriber. The subscriber is responsible for these charges in all cases. AF prewiring guidance, ETL 02-12, requires the installation of inside wiring using Military Construction Program (3300 appropriation) funds, either new construction or major renovation.</p> <p>2.Prewiring does not apply to AF funded minor construction (57*3400, EEIC 529). However, as a minimum, provisions for communications wiring and equipment (conduit, space, plywood backboards, etc.) are provided as part of the project. In these cases, physical spaces are a part of the funded cost (EEIC 529); conduit, plywood backboards, etc., are treated as secondary utilities per AFR 86-1 and are an unfunded cost . Communications wiring may be installed as part of the project, consistent with the general guidelines of ETL 87-XX, but are funded as an expense (57*3400).</p> <p>3.For MFH units, pay for minor renovations costing \$7,500 or less with P-722. Pay for minor renovations costing over \$7,500 with P-713.</p> <p>4.AFI 33-111 has guidelines for the authorization and funding of Class A, B, C, and D "official" telephone service. Reference AFI 65-106 for MWR and other AF NAF fund source authorizations.</p> <p>5.Follow the funding guidance above when using appropriated funds. Follow nonappropriated funding guidance when using nonappropriated funds. Reference AFI 65-106 for MWR and other NAF fund source authorizations.</p>				

TYPE OF FACILITY	FUNDING APPROPRIATION INSTALLATION		REPAIR & MAINTAIN	MAINTENANCE RESPONSIBILITY
	MAJOR (Note 1)	MINOR (Note 2)		

Section 4J—USAF Heritage Program

4.27. USAF Heritage Program (USAFHP) and associated activities. USAF Museums, Heritage Centers, Historical Holdings, and Air Parks are, in part, appropriated – fund organizations. USAFHP activity facilities are not privately owned, but are owned, operated, and maintained by the Air Force. Commanders will include funding in their annual unit budgets (financial plans) by type of activity and expense element as prescribed in the MAJCOM / DRU / FOA budget call. AFI 84-103, U.S. Air Force Heritage Program, provides instruction for the USAFHP, activity operation, and new activity approval. USAFHP activities are also supported by gifts from private organizations and other entities IAW AFI 51-601, Gifts to the Air Force.

4.27.1. Financing the National Museum of the United States Air Force (NMUSAF). The NMUSAF at Wright-Patterson AFB, OH, is the Air Force’s official service museum operation and the only USAFHP activity eligible to receive appropriated funds for new construction. The NMUSAF also relies on an annual budget of O&M funds for its day-to-day operational needs.

4.27.2. Financing Air Force Field Museums, Heritage Centers, Historical Holdings, and Air Parks. The supporting Air Force organization should employ the judicious use of resources and other funds for establishment, management, operation, and maintenance of the supported USAFHP activities

4.27.2.1. Commanders may use O&M-type funds, provided the costs are reasonable and in line with the base mission and funding priorities. The appropriate uses of O&M type funds include, but is not limited to, repair and maintenance of real property such as buildings and grounds, which are normal BOS support; installation and use of physical security equipment such as intrusion detection devices; services, supplies and equipment for the accountability, preservation, and display of USAF historical property such as artifacts and aerospace vehicles

4.27.2.2. Do not use O&M or MILCON for facility construction, additions, or alterations.

4.27.3. Private Organization support of USAFHP activities. The Air Force encourages but does not require a private organization (such as a charitable foundation) in the establishment and operation of a USAFHP activity. Commanders may permit supporting private organizations to be established to support USAFHP activities at their locations as prescribed by AFI 34-223, Private Organization (PO) Program and AFI 84-103. These organizations support USAFHP activities by raising funds to support command-approved capital construction of facilities; raising funds in general support of USAFHP activities; and funding

the acquisition of significant historical property for the supported USAFHP activity within the supporting private organization's fiscal reporting year.

4.27.3.1. Establish a memorandum of understanding between the parties to outline the responsibilities and limitations for each party, including a general description of those areas where the private organization will assist the USAFHP activity

4.27.3.2. Offers of donations of money or real or personal property from private organizations will be submitted in writing through command channels IAW AFI 51-601.

Section 4K—Ethnic and Holiday Observances, Traditional Ceremonies, and Entertainment

4.28. Ethnic and Holiday Observances Funding Guidance:

4.28.1. **Ethnic Observances.** Air Force organizations at all levels may spend appropriated funds, as authorized by the host or installation commander, to carry out activities that recognize the contributions that minorities and women have made to society. Observances include such activities as scholarly lectures, ethnic historical exhibits, art exhibits, displays, and musical groups, including those procured from the private sector.

4.28.1.1. Air Force organizations may use O&M-type funds to finance a live artistic performance as an authorized part of an equal employment opportunity (EEO) effort if it is part of a formal program determined to advance EEO objectives, and consists of different types of presentations designed to promote EEO training objectives of making the audience aware of the cultural or ethnic history being celebrated (60 Comp Gen 303). While the Air Force may not normally provide "free food" to either government or non-government personnel, federal agencies may pay for lunches for guest speakers under 5 U.S.C. 5703 if the speakers were in fact away from their homes or regular places of business. (**NOTE:** Government employees must pay for their own meals, whether on TDY or not, because food is a personal expense.)

4.28.1.2. Sponsoring Air Force activities may use appropriated funds to purchase small "samples" of ethnic foods prepared and served during a formal ethnic awareness program. The samples should be of minimal proportion and are not intended to serve as meals or refreshments.

4.28.2. **Holiday Observances.** Installation Commanders may approve the use of appropriated funds (APF) to purchase seasonal decorations on a case by case basis. Be prudent when using APFs for this purpose. The following conditions apply. Purchase decorations only where all installation personnel may benefit from their use, e.g., a decorated Headquarters building, Thanksgiving/Christmas decorations for the installation main dining facilities, base Christmas tree, or decorated foyer of the Headquarters building. Do not use APFs to purchase decorations for the interior of government offices or for personal use. The decorations may not be religious in character. Also, do not use APFs to purchase or mail seasonal greeting cards.

4.29. Traditional Ceremonies. The use of appropriated funds that might be prohibited as personal expenses may be permissible when they are incurred incidental to certain traditional ceremonies. Do not provide free food, snacks, alcoholic beverages, etc., except as provided in paragraph 4.30 (and associated subparagraphs below). Comptroller General decisions permit the commercial printing, including DAPS, of invitations and programs only for the following

traditional ceremonies, which do not include retirements, unless performed concurrently with a formal Change of Command ceremony:

4.29.1. **Groundbreaking and Dedication Ceremonies.** Expenses necessarily incidental to a groundbreaking or cornerstone ceremony are chargeable to the appropriation used for construction of the building. These expenses include: engraving and chrome-plating a ceremonial shovel (53 CG 119); flowers used as centerpieces at a dedication ceremony (B158831, 8 Jun 1966); group photographs at cornerstone ceremonies (B-11884, 26 Aug 1940); and the printing of programs and invitations for cornerstone ceremonies (B-158831, 8 Jun 1966, and B-107165-0.M, 3 Apr 1982).

4.29.2. **Armed Forces Change of Command Ceremonies.** The Comptroller General extended the rationale of the cases cited above to Change of Command ceremonies for the cost of printing invitations (56 CG 81). The invitations are not inherently personal in nature, and therefore are not prohibited by the decisions on use of public funds for greeting cards. A Change of Command ceremony on an Air Force installation, which would warrant the commercial printing of invitations, including DAPS, is one which would be of interest to and have impact on the installation at large and usually involve the civic leaders of the surrounding community. Generally, the only command position on an installation which would fit this criteria is the Wing/Installation Commander. It is not intended that every unit commander, i.e. transportation, personnel, civil engineer, comptroller, etc., on an installation has commercial invitations, including DAPS, printed when he or she leaves the position.

4.29.3. **Graduations.** The Comptroller General (Comp Gen Decision B-211700, March 16, 1984) authorized the printing of invitations for graduation ceremonies at the Uniformed Services University of the Health Sciences (USUHS). Invitations for official graduation ceremonies at Air Force schools and academies **are not to be “by name”** specific invitations for an individual who may be graduating. The announcement and invitation are for the commencement exercises being held by the school, not for the graduation of a particular individual. A graduate may include his or her personal name card in the invitation when mailing it to family or friends, but their name is not to appear in the printed invitation or announcement.

4.29.4. **Retirement Ceremonies.** Military and federal civilian employee retirement ceremonies provide an appropriate recognition of the individual retiree’s contribution to the Air Force through years of military or federal civilian employee service. Appropriated funds may be used for the following.

4.29.4.1. **Transportation.** Government vehicles are not generally authorized for the transportation of the retiree or guest unless the retiree is an individual who is authorized to use a government vehicle as part of their official duties, for example a wing commander. See AFI 24-301, *Vehicle Operations* for additional guidance.

4.29.4.2. **Invitations.** Invitations, announcements, and programs for retirement ceremonies may be printed on personal computers with existing computer software and agency-purchased card stock, but not procured from commercial sources, including DAPS.

4.29.4.3. **Personnel.** Non-protocol Air Force civilian and military members may consolidate address lists, address and stuff envelopes, mail retirement invitations, plan a

retirement event, escort guests and setup and/or serve refreshments after the ceremony. A rule of reasonableness is expected to be followed and these activities should not be the military members' or employees' primary duties for an extended period of time. Military and civilian personnel may attend retirement ceremonies during duty hours, provided their supervisor authorizes such attendance, it is for a reasonable period of time, and it does not unduly interfere with performance of normal duties. Local Air Force Band members, Air Force Honor Guard members, and communications personnel may be used in duty status as part of the ceremony.

4.29.4.4. **Postage.** APF postage is allowed for official announcements of official retirement ceremonies (see DoD 4525.8-M, *DoD Official Mail Manual*). A rule of reasonableness is expected to be followed as to the number of invitations that can be mailed.

4.29.5. **Wreath Laying - National Patriotic Observances.** APFs are authorized for the purchase of an appropriate wreath in solemn remembrance or celebration of national patriotic observances to include Memorial Day, Independence Day, September 11, Veterans Day, and POW/MIA Recognition Day. **There is to be only one wreath procured representing the entire Wing or Installation, including tenants, and not one purchased by each host and tenant organization.** There are specific days at specific locations, i.e. December 7 at Joint Base Pearl Harbor-Hickam, HI (previously Hickam AFB), which have singularly historical significance and for which it is fitting and proper to remember the events of that day with the laying of a wreath. Those installations in foreign countries may purchase a wreath on other occasions, which are of singularly historical significance to the Armed Forces of the United States in that country or which are dictated by protocol in the host country. Fiscal prudence, in keeping with protocol requirements and appropriate decorum, shall be exercised.

4.30. Entertainment. You cannot provide food, drink, or entertainment for military members, civilian employees, or any other persons, except in cases specifically authorized by law. The Comptroller General defines entertainment as "food, drink, live and recorded music, theatrical performances, and any other item or activity designed to entertain." Authorized and unauthorized "entertainment" situations payable from appropriated funds are shown below. Prohibitions include items used to prepare, serve, or present entertainment (such as food or drink serving materials and equipment, loudspeakers, video recorders, etc.).

4.30.1. **Use appropriated funds for these expenses:**

4.30.1.1. Food and drink provided to military personnel as subsistence-in-kind through the Military Personnel Appropriation (57*3500). NOTE: See AFMAN 34-240, *Food Service Program Management*, paragraph 8.18, on providing mission essential beverages from dining facilities for those military members who are authorized to receive them. Mission essential beverages are funded from the MILPERS (3500) appropriation and not from organizational O&M type funds.

4.30.1.2. Reimbursable subsistence expenses (per diem) for persons in an official travel status.

4.30.1.3. Appropriated contingency funds for official representation purposes, as authorized in AFI 65-603, *Official Representation Funds*.

4.30.1.4. Ethnic food samples, bands, or singing groups used in authorized ethnic awareness programs, per [Section 4K](#) of this chapter.

4.30.1.5. Light refreshments at awards ceremonies as described in [Section 4L](#) of this chapter.

4.30.1.6. Samples of food from healthy cooking demonstration held in conjunction with health promotion programs (funded with DHP 97*0130.1883 – FC 2X).

4.30.1.7. Light food and refreshments at arms control treaty inspection briefings.

4.30.1.8. Military service bands, choral groups, and other groups (such as “Tops in Blue”) which normally perform at base theaters or service clubs for the entertainment of military personnel, their dependents, and others as authorized by the charter of the bands or choral groups. Rental of a local facility using O&M funds is authorized for Air Force entertainment such as Tops in Blue or a military service band if the majority of the anticipated audience will be military and their dependents (including retirees) and no suitable facility is available on the installation.

4.30.1.9. Programmed “incentive music” (such as “MUSAK”) to enhance employee morale by creating a pleasantly stimulating and efficient atmosphere during the workday. (See 51 CG 797.)

4.30.1.10. Food provided as part of the Drug Education for Youth (DEFY) Program and financed with Counter Drug Program funds.

4.30.1.11. See paragraph [4.44.1.1](#) for guidance on refreshments at conferences and symposiums.

4.30.1.12. Child and youth programs are authorized food service as identified in AFI 65-106.

4.30.2. Do not use appropriated funds for these:

4.30.2.1. Dance or combos created by members of military bands whose services are “hired” by Open Messes or Service Clubs for entertainment of members of these messes or clubs.

4.30.2.2. Fireworks displays because they constitute “entertainment”. While a fireworks display may be useful in establishing good relations with the surrounding community, it is not a “necessary expense”. (See CG B-205292, 2 Jun 1982.)

4.30.3. Air Force Open House Relations. See AFI 10-1004, *Conducting Air Force Open Houses*, for additional funding guidance.

Section 4L—Awards, Award Ceremonies and Gifts

4.31. Awards and Gifts. Do not use appropriated funds to purchase gifts for military members, employees, or private citizens unless specifically authorized by law. Currently, the only authority to use Air Force appropriated funds for gifts is AFI 65-603, which specifies the circumstances and the individuals to whom gifts (or “mementos”) may be presented. Commanders may authorize the use of appropriated funds to make cash and non-monetary awards to military members and appropriated fund employees in accordance with the provisions

of this section, AFPD 36-28, *Awards and Decorations Programs*, and its implementing instructions, and AFI 36-1004, *The Air Force Civilian Recognition Program*, for civilian performance awards. Employees paid from nonappropriated funds are not eligible to receive awards charged to appropriated funds, with one exception. That exception would be a HQ USAF-level award, funded with APF, for which APF and NAF employees are competing for that single award.

4.31.1. **Innovative Development Through Employee Awareness (IDEA) Awards.** The following guidelines apply to cash awards to military and civilian employees:

4.31.1.1. **Air Force Personnel.** The Air Force organization (active or reserve forces) to which a member or employee is assigned is responsible for budgeting and funding of IDEA awards, including tenant units that are separately funded. Funding of suggestion awards made after an individual is transferred or separated is the responsibility of the organization of assignment when the IDEA was submitted. Use the O&M-type funds of the organization to which the individual is or was assigned. When this applies to a Reservist transferring between AFRC bases, follow AFRC guidance for funding rules. For Individual Mobilization Augmentees (IMA), the unit of assignment is the activity where the individual performs his/her IMA duty.

4.31.1.2. **Non-Air Force Personnel.** If the Air Force adopts a suggestion from a person in another DoD or federal agency, charge the cash award to the O&M type funds of (a) SAF/AA if the IDEA benefits the Air Force as a whole, or (b) the command or organization that receives the primary benefit.

4.31.2. **Mission Accomplishment Awards.** Air Force activities may use appropriated funds to purchase special trophies and awards authorized by those AFI 36-XXXX series instructions which pertain to mission accomplishment or a MAJCOM/Base/FOA/DRU supplement thereto. Included are trophies, plaques, emblems, certificates, organizational coins, and similar items that are designed **for display purposes**. For organizational coins, **do not personalize them** by stamping the presenter's name on the coin and the presenter's name is not to be added after the coin is cast (**EXCEPTION: Secretary of the Air Force, Chief of Staff of the Air Force, Chief Master Sergeant of the Air Force, four (4) star general officers and four (4) star civilian equivalents are authorized to personalize coins**). The coins are to be presented as cast from the die without further embellishment, i.e. presenter's name engraved. They are organizational coins, not personalized mementos. Use **only** the organization's name and the position of the presenter (e.g. Commander 33rd FW Eglin AFB, FL). The prohibition against personalizing stationery in AF Supplement to DoDI 5330.03, is applicable to organizational coins for the same reasons – it creates frozen stock (waste) when personnel change and requires an additional expenditure to change the die from which these items are cast. **Appropriated funds are not legally available to procure "commemorative" coins.** Merchandise items such as belt buckles with a nominal cost, as determined by local Command authorities, and which display the activity logo, insignia or other inscription that clearly identifies its purpose meet Comptroller General criteria for mission accomplishment awards. Air Force activities may use such items for mission accomplishment awards to the extent authorized by agency directives or instructions. The authority for merchandise-type items for mission accomplishment awards for civilians is 5 U.S.C. 4501-4507 (see Comptroller General Decision B-243025) and for military, 10 U.S.C. 1125 (see Comptroller General Decision B-247687).

4.31.2.1. **Recruitment and Retention.** Appropriated funds may be used to procure recognition items of nominal or modest value (less than \$50.00 per item) for recruitment or retention purposes. These may be presented to Air Force members as well as their family members, and other individuals who are recognized as providing support that substantially facilitates service in the armed forces. The authority for purchasing these recognition items is 10 U.S.C. 2261. Organizations may elect to use the same coin used for mission accomplishment awards addressed in [paragraph 4.31.2](#) above for this purpose.

4.31.3. **Promotional or Incentive Gifts and Awards:**

4.31.3.1. Items of a utilitarian nature, having intrinsic value, such as TVs, radios, cameras, briefcases, etc., fall into the category of merchandise. The Comptroller General considers them as personal gifts. Existing statutes do not permit the purchase of such items with appropriated funds for use as incentives. This rule also applies to lower-value “merchandise-type” items, such as coffee mugs, key chains, ashtrays, luggage tags and similar items. (See [paragraph 4.31.2](#) for exceptions). Additionally, there is no authority which allows the use of appropriated funds to procure mementos, i.e., coins or medallions, for Air Force individual military or civilian personnel or units if the reason for the presentation is not specifically addressed as a mission accomplishment award published in the Command or Base supplements to AFI 36-XXXX. However, Air Force activities may purchase pertinent literature, specialized lesson plans, bumper stickers, informational stickers (for tools, telephones, notebooks, and so on), visual aids for training and to secure compliance with mission-related objectives, to the extent permitted under functional instructions. Where children are concerned, for example, in crime and fire prevention programs, these guidelines allow purchase of items that convey an appropriate message targeted to the age group of the audience (such as coloring books, balloons, buttons, badges, etc., which depict or relate a crime or fire prevention message).

4.31.3.2. The guidance in [paragraph 4.31.3.1](#) does not apply to the *Air Force IDEA Program*, the *Air Force Productivity Enhancing Capital Investment Program*, the *Air Force Voting Assistance Program*, the *Air Force Recruiting Advertising Program*, the *Air Force Mishap Prevention Program*, the *Air Force Pollution Prevention Program* and the *Air Force Sexual Assault Prevention and Response Program*. AFI 38-401 (*Air Force Innovative Development Through Employee Awareness (IDEA) Program*), AFI 38-301 (*Productivity Enhancing Capital Investment Program*), AFI 36-3107 (*Voting Assistance Program*), AFI 36-2015 (*Air Force Recruiting Advertising Program*), Air Force Retention Program (AFI 36-2624 *Career Assistance Advisors*), AFI 91-202 (*Air Force Mishap Prevention Program*), AFI 36-6001 (*Sexual Assault Prevention and Response Program*), Family Support Centers (AFI 36-3009, *Family Support Center Program & Supporting Role in 10 U.S.C. 1789*) provide instructions for these programs. Additionally, the guidance does not apply to *Health Promotion Programs* funded with the Defense Health Program (DHP) appropriation (97X/X0130.1883 - FC 2X).

4.31.4. **Sports Competitions.** Activities may use appropriated funds to purchase T-shirts, trophies, plaques or similar devices for presentation to winners of intramural sports and

athletic competitions. Such competitions shall generally be of a continuing nature. T-shirts can be used in lieu of other awards and cannot be used in conjunction with any plaque, medal/medallion, trophy or similar device. No other type of shirt is authorized. Awards, including T-shirts, may be given to winners only and not participants in general. The trophies, plaques, or similar devices shall be for display purposes only, and not redeemable for cash, merchandise, or services. See DoD Directive 1348.19, Award of Trophies and Similar Devices in Recognition of Accomplishments.

4.31.5. Physical Fitness Centers. O&M-type funds may be used to procure low cost incentive items such as T-shirts, ball caps, water bottles, etc. to encourage customers to complete specified and published exercise regimens at Air Force Physical Fitness Centers. Examples of such regimens could be jogging a set number of miles or so many hours on a Stairmaster or rowing machine. There is no authority for cash awards or high dollar items that would give the appearance of a gift or fiscal imprudence. The unit cost of any incentive item will not exceed \$10 dollars. Because of the high cost of a die, coins or medallions are not to be used as incentive items. The authority for this incentive program is a 25 Jan 99 Policy Memorandum from the Assistant Secretary of Defense for Force Management Policy (ASD/FMP).

4.31.6. Health and Wellness Centers (HAWC). Incentive items for completion of a health-related regimen such as smoking cessation or weight loss are funded from Medical appropriations (Fund Code 2X). For AFRC, use O&M (3740).

4.31.7. Other Awards. Do not use appropriated funds to make or purchase any awards other than those outlined above. Use nonappropriated funds in accordance with AFI 34-201, *Use of Nonappropriated Funds (NAFS)*, (currently in rewrite status).

4.32. Civilian Performance Awards. AFI 36-1001, *Managing the Civilian Performance Program*, AFI 36-1004 and DoDM1400.25_AFMAN 36-115 provide policy and guidelines:

4.32.1. Charge the cost of cash awards made to civilian employees under the performance management systems to funds current at the time final approval of the award is made. The year of actual payment is not the controlling factor.

4.32.2. AFI 36-1004 allows agencies to purchase merchandise items such as jackets at nominal cost (less than \$50) which display the activity logo, insignia, or other inscription that clearly identifies the purpose of the award. Such items are honorary awards under the Government Employees Incentive Awards Act (CG Decision B-243025).

4.33. Refreshments at Awards Ceremonies. Commanders may hold awards ceremonies for military members and civilian employees, including their families, friends, work associates, and union representatives (See CG Decision B-223319, 21 July 1986 which addresses a national award ceremony). While light refreshments may be served, the Comp Gen Decision implies that the award being presented must be substantial in nature to qualify for the serving of refreshments. A substantial award would involve a competitive USAF-wide selection (**national award**), such as 12 Outstanding Airmen, or a competitive Command-wide selection (**regional award**), such as Command Officer, NCO, Airman, and Civilian of the Year. **To avoid any confusion, presenting an award at a base or organization picnic does not qualify the picnic for APF funding under the guise of an award “ceremony.”** PCS, promotion, school

graduations, recurring quarterly recognitions, commanders' call, and retirement ceremonies are not considered award ceremonies for the serving of refreshments using appropriated funds.

4.33.1. **Civilian Employees.** Appropriated funds may be used to provide light refreshments at such award ceremonies at nominal cost under authority of 5 U.S.C. 4503. AFI 36-1004 provides guidance on the Air Force recognition program. See also CG Decision B-223319, 21 July 1986 (**National Award Ceremony**), and CG Decision B-236040, 9 October 1990 (**Regional Award Ceremony**). As indicated by the CG Decisions, the award must be substantial in nature, as opposed to local awards. **The presentation of a longevity certificate and pin is not considered an award.**

4.33.1.1. Nonappropriated funds finance the cost of light refreshments for awards ceremonies of personnel paid from nonappropriated funds.

4.33.1.2. Commanders may pay fees charged for a **regional or national** incentive awards ceremony that includes refreshments (luncheon, banquet, buffet, tea, etc.) for attending civilian employee nominees, award recipients, and their supervisors or managers.

4.33.2. **Military Personnel.** Similar authority exists under 10 U.S.C. 1124 for military personnel.

4.33.3. **Examples.** Light refreshments may include beverages such as sodas, coffee, or tea with dessert or snacks. **Alcoholic beverages** of any kind **do not qualify** as refreshments.

4.33.4. **Guidance for Approval.** Exercise prudence in using appropriated funds for this purpose. A commander must first determine that a reception with light refreshments, in accordance with OPM regulations and 10 U.S.C. 1124 will materially enhance the effectiveness of an award ceremony before approving the use of appropriated funds for refreshments at the ceremony. Charge the cost of the light refreshments to each command's primary O&M budget activity and not to Official Representation Fund accounts. (**NOTE:** CG Decision B-223319, 21 Jul 86 covers only those award ceremonies resulting from competitive-type activities cited in AFPD 36-28 and its instructions and the Federal Personnel Manual. It does not cover PCS departure or retirement ceremonies except to the extent applicable awards are an integral part of the ceremony.)

4.33.5. **Procurement from Nonappropriated Funds Instrumentalities (NAFI).** NAFIs (clubs, restaurants and snack bars, etc.) may provide the light refreshments only if the persons making the arrangements process the request for goods or services through the base contracting officer in accordance with existing procurement directives, or under a NAFI Memorandum of Agreement authorized by 10 U.S.C. 2492. (See CG Decision B214810, 29 Nov 1984.).

4.33.6. **Refreshments at Recruiting Functions.** Appropriated funds may be used for small meals and refreshments during recruiting functions for certain individuals (FY 97 NDAA, Sec. 361 (P.L. 104-201), as amended by the FY 02 NDAA, Sec. 545 (P.L. 107-107); Codified in 10 U.S.C. 520c). For specific details, see AETC 36-2002, *Recruiting Procedures for the Air Force*.

Section 4M—Chapel and Chaplain Programs

4.34. Funding Guidance. Installations that support chapels and chaplain programs will apply the following funding guidance.

4.34.1. The source of funding direct mission requirements is appropriated funds. Chaplain Corps direct mission requirements fall into the following categories: contracts (one musician and music director per worship service, religious education/parish coordinators, and civilian clergy); facilities (to include repairs, maintenance, alterations, minor construction, and military construction); facility infrastructure and multi-media technology (to include sound systems); readiness requirements; training; communication and information technology; temporary duty expenses; ecclesiastical supplies and equipment (to include expendable communion supplies such as host, grape juice, and wine); transportation; honoraria for commander-sponsored religious events; community religious observances (to include National Prayer Breakfasts/Luncheons; and office supplies.

4.34.1.1. O&M funds provide support services for Chaplain-led programs to assist active duty members of the Armed Forces and their immediate family members in building and maintaining a strong family structure. The support services are costs of transportation, food, lodging, childcare, supplies, fees, and training materials for members and their family members while participating in the programs.

4.34.1.2. Indirect Mission Support requirements are funded by Chapel Tithes and Offerings Fund (CTOF) funds. A listing of Chaplain Corps Direct and Non-direct Mission Support requirements is contained in AFI 52-105 Volume 2, *Chapel Tithes and Offerings Fund (CTOF)* (attach 2).

4.34.1.3. Wing/installation chaplains are authorized to use appropriated funds to purchase equipment and furnishings to operate and sustain chapel facilities and Airmen Ministry Centers. Amenities may include TVs, game rooms, cyber café equipment, kitchen appliances, meeting rooms, communication and information technology (to include commercial internet service for Airmen Ministry Centers) and a chaplain's office.

4.34.2. Do not use appropriated funds for provision of food or beverage items (unless specifically authorized by law), except as determined by the wing/installation chaplain to be a necessary **integral** part of an authorized religious ceremony or otherwise specifically authorized by law.

4.34.3. Chaplain Corps resourcing is based on the chapel ministry plan.

Section 4N—Criteria for Determining Expense and Investment Costs

4.35. Distinguishing Between Expense and Investment Costs. Air Force activities at all levels; Headquarters, MAJCOMs/FOAs, installations, must apply uniform cost definition criteria. These criteria determine whether costs are classified as either an expense or an investment, and consequently whether it should be budgeted in the expense appropriations of Operation and Maintenance and Military Personnel or the investment appropriations of Procurement, RDT&E, and Military Construction. DoD FMR 7000.14-R, Volume 2A, provides general guidance for DoD use.

4.36. Investment Cost Decision. Figure 4.3 depicts decision-making factors for investment costs.

Figure 4.3. Decision Making Factors for Investment Cost.

INVESTMENT COST DECISION DIAGRAM		
CENTRALLYMANAGED/ASSET CONTROLLED ITEM		
	YES	
	----->	
		CLASSIFY
		AS
NO		INVESTMENT
V		
SYSTEM UNIT COST>CURRENT DOLLAR THRESHOLD	YES	
	----->	
NO		
V		
EXPENSE		
<p>NOTE: For WCF criteria see Chapter 18.</p> <p>Table 4.4. Expense/Investment Threshold.</p> <p>The following is a chronology of the expense/investment threshold:</p> <p><u>Fiscal Years Increase</u></p> <p>FY 2003From \$100,000 to \$250,000 (current)</p> <p>FY 1996From \$50,000 to \$100,000</p> <p>FY 1995From \$25,000 to \$50,000</p> <p>FY 1994*From \$15,000 to \$25,000</p> <p>FY 1988From \$5,000 to \$15,000</p> <p>FY 1986From \$3,000 to \$5,000</p> <p>FY 1981From \$1,000 to \$3,000</p> <p>* Since FY 1994, the threshold amount has been law as stated in the General Provisions of the annual Appropriations Act. Prior to FY 1994, the threshold was established in Committee Reports. (The DWCF threshold is separately codified in 10 U.S.C. 2208.)</p>		

Section 40—Licencing of Intellectual Property

Pursuant to 10 U.S.C. Section 2260 (added by Section 1004 of Public Law 108-375), the Air Force may licence trademarks, service marks, certification marks, and collective marks, owned or controlled by the Air Force, and may retain and expend fees received from such licensing in accordance with Congressional language. References include: 10 U.S.C. Section 2260; Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Public Law 108-375, Section 1004; the Acting Deputy Secretary of Defense Memorandum of June 27, 2005 entitled “Trademark Licensing Implementation”, and the Office of The Under Secretary of Defense Memorandum of 12 September 2005, entitled “Clearing Account for Trademark Licensing”.

4.37. Application. Budget policy is applicable only to licensing of Air Force Marks (e.g. Logo Trademark, ect.) to third parties, as delegated by the SECAF, and as administered by SAF/PA.

4.38. Programmatic Directives. Anticipate additional programmatic Directives and instructions to be issued by the proponent, the Assistant Secretary of Defense for Public Affairs (ASD(PA)), and the SAF/PA community.

4.39. Accounting. Licensing fees/royalties collected shall be deposited into the Budget Clearing Account (suspense) mechanism established by OSD guidance. Contact HAF/RMB for specific procedures.

4.40. Fee/Royalty Purposes. Fees/royalties collected shall be used for costs of securing trademark registrations, and the costs of operating the licensing program.

4.40.1. Costs will be defined as the the minimal levels necessary for administrative office supplies, operational function, etc..directly and readily identifiable to the Trademark Licencing program; costs will not include overhead items. This definition may be subject to change upon receipt of further guidance (directives, instructions, ect.) as approved by OASD Public Affairs and USD Comptroller communities.

4.40.2. Fees/royalties collected through the licensing process will not be used toward existing appropriated fund requirements not directly related to Trademark Licensing (e.g. augmentation principle).

4.41. Excess Fees/Royalties. To the extent the total amount of the licensing fees/royalties available for a fiscal year exceeds costs incurred (as defined above), those fees/royalties may be transferred to the AF morale, welfare, and recreation fund. HAF/RMB, AF/ILV, and SAF/PA will identify specific transfer process and procedures.

4.41.1. . Availability of Fees/Royalties. Fees/royalties received in a fiscal year shall remain available for obligation in such fiscal year and the following two fiscal years. While excess licensing fees/royalties collected over annual costs may be expended to support morale, welfare, and recreation fund. HAF/RMB and SAF/PA will codify specific administrative procedures.

4.42. Accounting Codes. Additional codes must be used within the base level accounting systems to separately track unused funds carried forward from the fiscal year of collection through the following two fiscal years, as required. Unused funds remaining after the second fiscal year following the year collected will be deposited to “General Fund Proprietary Receipts, Defesne Military, Not Otherwise Classified”. Contact HAF/RMB for specific coding procedures.

Section 4P—Other Guidance

4.43. Personalized Stationery. Authorized: using appropriated funds to print functional titles of key officials on memorandums and notes. Not Authorized: Using appropriated funds or government equipment to print the names of officers or other officials on stationery, memorandums, or notes. (See AF Supplement to DoDI 5330.03).

4.44. Business and Greeting Cards:

4.44.1. Appropriated funds may be used for the printing of business cards, using personal computers, existing software and agency-purchased card stock, for use in connection with official communications (as distinct from the extension of social or business courtesy). (Department of Justice 11 Aug 97 Ruling and OSD (DA&M) 28 Aug 98 Policy Memorandum). Additionally, the purchase of business cards from the Lighthouse for the Blind, Inc., a Javits-Wagner-O'Day participating non-profit agency, is authorized when the organization determines that costs are equivalent or less to purchase cards rather than to produce them on a personal computer (OSD (DA&M) 15 Jul 99 Memo) (41 U.S.C. 46-48c) (See AF Supplement 2 to DoDI 5330.03). The purchase of business cards must be accomplished through the DLA Document Services per OSD direction.

4.44.1.1. **Commercial Printing of Business Cards.** Only those individuals in the following five categories are authorized to have business cards commercially printed, which includes DLA Document Services:

4.44.1.1.1. **Air Force Recruiting Service (AFRS).** AFRS/CC approves business cards for AFRS personnel involved in recruiting activities. AFRS obtains the cards from DLA Document Services.

4.44.1.1.2. **Air Force Academy.** HQ USAFA/DAR obtains all cards for the Air Force Academy Liaison Officers from DLA Document Services using USAFA O&M funds.

4.44.1.1.3. **Civilian Employees.** The MAJCOM or FOA/DA must approve cards for civilian employees engaged in professional recruiting programs. MAJCOM/FOA-level officials purchase the cards from DLA Document Services.

4.44.1.1.4. **United States Air Force Reserve (USAFR).** HQ AFRC/DAP approves requests for all USAFR military recruiters, and obtains the cards from DLA Document Services.

4.44.1.1.5. **Air National Guard (ANG).** The Adjutant General (TAG) of the State in which the recruiter is located approves orders for cards of National Guard Bureau military recruiters. When cards are procured using State funds the ANG is authorized to obtain them from local vendors. If ANG O&M funds are used to acquire cards, use a DD Form 448, Military Interdepartmental Purchase Request (MIPR), or a DD Form 282, DoD Printing Requisition/Order through DLA Document Services.

4.44.2. **Seasonal greeting cards, birthday cards, get well cards, anniversary cards, and the like are a personal expense** to be borne by the persons who ordered and sent them; do not charge their cost to public funds.

4.45. Housing Damage Liability:

4.45.1. **Unaccompanied Personnel Housing (UPH)/Military Family Housing (MFH).** Personnel residing in UPH or MFH are liable for damage to the quarters/dwelling and damage or loss of any equipment or furnishings contained therein provided it is determined that the loss or damage was caused by negligence or abuse of the member (or a guest of the member).

4.45.2. **Disposing of Refunds.** The amounts received as a result of the loss and/or damage to Unaccompanied Personnel Housing or Military Family Housing are appropriation refunds. Therefore, they are available for immediate reobligation for the same purposes and under the same circumstances as other funds in these accounts (see [Chapter 5](#)).

4.46. Buying Books, Periodicals, Newspapers and Pamphlets:

4.46.1. **Mission Essential.** Air Force libraries procure all mission essential commercial books, periodicals, newspapers, and pamphlets for Air Force organizations with appropriated funds (APF) centrally managed by HQ AFSVA/SVPAL. AFI 34-270, *Air Force Library and Information Systems (AFLIS)*, designates those specific organizations and types of publications which are exempt from centrally managed procurement through the library. AFI 34-270 authorizes libraries AFSVA/SVPAL does not centrally fund and procure essential books and subscriptions for: Air Force Reserve; Air National Guard; Surgeon General; Judge Advocate General; the Air University (including AFIT); United States Air Force Academy; or tenant units or agencies funded with non-Air Force appropriations.

4.47. Funding Consecutive Overseas Tours. All Air Force consecutive overseas tours (COT), in-place and to another overseas base, are funded from the Military Personnel Appropriation (Appn 3500). AFMAN 65-604 contains the appropriate projects and subprojects to charge the costs. Refer to this manual to construct the appropriate fund cites for the military member and their command sponsored family member's round trip travel to CONUS.

4.48. Appliances and Furnishings. Air Force organizations may use appropriated funds to purchase appliances (and related furnishings) only in common areas where available for use by all personnel, under the following conditions:

4.48.1. Responsible officials must first determine the appliance(s) (and related furnishings) are reasonably necessary to execute the Air Force mission, and the primary benefit accrues to a larger community (as opposed to just an individual or small group of individuals).

4.48.2. The acquisition costs of appliances (and related furnishings) will be for basic capabilities only and sized accordingly.

4.48.3. The appliances (and related furnishings) will not be purchased for the purpose of providing entertainment.

4.48.4. Appropriated funds will not be used to furnish goods, such as coffee, food, beverages, condiments, or food preparation/serving items.

4.49. Retiree Activities Programs. This is a formal program for interface between volunteer retirees and the active duty community. Details of the program are in AFI 36-3106, *Retiree Activities Program*. Installation commanders may use appropriated funds to support the Retiree Activities Office (RAO) as follows.

- 4.49.1. Official mail in support of the Retiree Activities.
- 4.49.2. Office supplies, printing, equipment, travel, and other operating costs, which have been identified and approved in the installation execution plan.
- 4.49.3. Official travel expenses authorized per the JTR, Volume 1, Chapter 7, Part K. Reimbursement of transportation expenses for travel to and from the retiree volunteer's residence and the duty station (RAO) is not authorized.

Section 4Q—Meals, Conferences, Training, and Fees

4.50. Use of Appropriated Funds for Meals and Light Refreshments.

4.50.1. Whether you sponsor a conference or attend a conference, absent specific statutory authority, appropriated funds may not be used for meals and light refreshments. Statutory authority allows meals and light refreshments for a conference, seminar, symposium or similar meeting (collectively referred to as a “conference”), 5 U.S.C. Section 4110, and for a training event, 5 U.S.C. Section 4109, and under other very specific conditions.

4.50.1.1. Conferences

4.50.1.1.1. Appropriated funds may be used for meals and light refreshments ONLY under the following conditions: a) when meals and refreshments are incidental to a conference; b) attendance at the meals and when refreshments are provided is important to ensure full participation in essential discussions, lectures, or speeches concerning the purpose of the conference; and c) the meals and refreshments are part of a FORMAL conference that includes not just the meals and refreshments and discussions, speeches, or other business that may take place when the meals and refreshments are served, but also includes substantial functions occurring separately from when the food is served.

4.50.1.1.2. A “formal conference” is defined as including registration, a published and substantive agenda, and scheduled speakers. Simply referring to a local meeting on an installation, at a MAJCOM, or at HQ USAF with one or two people TDY in attendance as a conference, seminar, or symposium does not confer authority to use appropriated funds. **NOTE: SAF/AA controls conference policy and is creating a new AFI on conferencing approval processes. All MAJCOMs, FOAs, and DRUs must conform with existing SAF/AA conference memoranda.**

4.50.1.1.3. You may pay for food and light refreshments for those employees not in a travel status under the provisions of Title 5 U.S.C., Section 4110.

4.50.1.2. Training

4.50.1.2.1. Appropriated funds may be used for food and light refreshments which constitute “training”, as defined within 5 U.S.C., Section 4101(4). For these types of training events, the costs of the food must be non-severable from other overall costs. Simply calling an event “training” is not legally sufficient; neither are routine or recurring business meetings discussing agency business.

4.50.1.2.2. For Formal Training events, follow guidance prescribed in appropriate training instructions for meetings or conferences that qualify as formal training.

4.50.1.2.3. If under the authority of Formal Training guidance (see Education and Training Course Training Announcements at <https://etcs.randolph.af.mil>) and a registration fee is charged, the approving official is responsible for ensuring no unauthorized charges are included in the fee. Prepare a budget itemizing each of the costs to be included in the fee (such as meals, guest speakers, meeting rooms, set-up charges, and other similar costs).

4.50.1.2.4. You may pay for food and light refreshments for those employees not in a travel status under the provisions of Title 5 U.S.C., Section 4109.

4.51. Funding for Air Force Sponsored Conferences. This guidance applies to all levels of command.

4.51.1. Air Force Sponsored - Air Force Only Participation. Within the Air Force, organizations that sponsor a conference (subject to the definitions above in [paragraph 4.44](#)) will pay for speaker fees, honorariums, light refreshments, snacks, meals, off base facility costs (excluding lodging) and other allowable related costs (which shall not include gifts or mementos for guest speakers) from their O&M type funds rather than recover such costs through a registration fee. For example, if HQ USAF, a MAJCOM, or base level organization directs or invites attendance at a conference, the organization sponsoring the meeting or conference must fund these costs from their own O&M-type funds. If HQ USAF or a MAJCOM directs a subordinate installation to host a meeting or a conference, the HQ USAF or MAJCOM organization is the sponsor and responsible for the costs of the meeting or conference. The subordinate installation is merely the host, not the sponsor. In general, use the AF Form 9, *Request for Purchase*, to contract for off-base conference facilities, if appropriate.

4.51.2. Funding for Air Force Sponsored – Federal (in addition to Air Force) and Non-Federal Participation

4.51.2.1. Collecting Fees From Federal (non-Air Force) Government Sources: If you sponsor a meeting or conference including non-Air Force federal government employees, you may charge them a fee covering food and beverage costs as a minimum. Sponsors may charge an additional fee for a pro-rata share of other costs if circumstances dictate. Follow the DoD FMR 7000.14-R, Volume 11A, Chapters 1 and 4.

4.51.2.2. Collecting Fees From Non-Federal Sources: Title 10, U.S.C., Section 2262, provides the authority to collect fees from individuals and commercial participants attending DoD sponsored conferences (seminars, exhibits, symposiums, or similar meetings). Follow DoD FMR 7000.14-R, Volume 12, Chapter 32, “Collection and Retention of Conferences Fees From Non-Federal Sources”; comply with established OUSD(C)(P/B) reporting requests, and ensure a complete and accurate accounting for all conference fees collected.

4.51.3. Hospitality Fees. If you sponsor a conference, you may levy a hospitality fee to cover purely social functions, i.e., “ice breakers”, occurring before the opening of the conference or farewell gatherings after the close of the conference. These are personal expenses, voluntary, and are not reimbursable from appropriated funds. Do not authorize such a fee in travel orders. (See JFTR Appendix R2, Part II, Miscellaneous Reimbursable Expenses).

4.51.4. Serving Materials for Conferences. Protocol offices at MAJCOMs, NAFs, FOAs, DRUs, ALCs, Product Centers, and Air University having conference facilities with the capacity, décor, and equipment to host conferences such as Corona, General Officer Orientation, Retired General Officer's Summit, significant foreign defense delegations, Air Force-wide functional conferences or other large and significant conferences may procure the minimum serving materials necessary to serve snacks and refreshments. A coffee maker for the conference facility is authorized for purchase with APF. Its sole use is for conferences and not day-to-day use in any individual office. Coffee makers, microwave ovens, and the like for individual offices are a personal expense, not a government expense. The serving materials authorized are intended for serving snacks and beverages and are not intended to equip protocol offices for serving full course meals. Fine china, genuine silverware or silver-plated utensils, linens and linen laundry service are not authorized. While the serving materials may be borrowed for use in the most senior command offices to serve VIP visitors, but not stored or retained there, this does not convey any authority to procure snacks and beverages with APF for those visiting VIPs. That is a personal expense, unless otherwise authorized for APF funding with Official Representation Funds (ORF) (AFI 65-603 implementing 10 U.S.C. 127). The authority to procure these serving materials does not extend to base level protocol offices that may only procure disposable serving materials or borrow materials from the clubs as may be required for a conference.

4.52. Non-government Sponsored Conferences. If you attend these types of activities, charge the cost of employee registration fees and other official expenses for non-government meetings/conferences to your organization O&M type funds, as per applicable directives (for example, the Joint Federal Travel Regulations and the Joint Travel Regulations, as appropriate). There are two types of conferences sponsored by non-Federal entities.

4.52.1. The first is a conference with a non-severable fee for food. Food costs are considered non-severable if they are billed as part of the overall costs of the training, and the training costs cannot be reduced by foregoing the food or by breaking out the food costs as a separate option. The Air Force may pay or provide reimbursement for food purchased as a non-severable, non-negotiable portion of a registration or attendance fee.

4.52.2. The second is a conference with a severable fee. The availability of appropriated funds must be based on: a) meals and refreshments being incidental to the meeting or conference; b) attendance at the meals or when refreshments are served is important for the attendee's full participation in the conference; and c) the conference includes substantial functions occurring separately from when the food is served, even though discussions, speeches, lectures or other business may take place when the meals and refreshments are served.

4.53. Government (non-Air Force) Sponsored Conferences. If you attend these types of activities, charge the cost of registration fees and other official expenses to the attendee's organizational O&M type funds, per applicable directives (for example, the *Joint Federal Travel Regulations* and the *Joint Travel Regulations*, as appropriate). There are two types of conferences sponsored by other Government Agencies – those with a non-severable fee for food and those with a severable fee for food. The rules established in [paragraph 4.45](#) above also apply to these Government (non-Air Force) agencies.

4.54. Avoiding Double Recovery for Meals. If you attend a meeting or conference where a registration fee includes meals, and the charge is an integral part of the registration fee (meaning inseparable from the fee) you must include in your travel orders (and your travel voucher must identify) the number of meals provided. See the JFTR, Appendix R2, Part II, for further details.

4.55. Scientific, Technical, and Professional Symposiums, Conferences, and Similar Meetings. Conferences, symposiums, and similar meetings in the scientific, technical, and professional fields may employ a contractor, through normal acquisition procedures, for the purpose of handling the administrative arrangements. Generally, these types of gatherings involve the Air Force Research Laboratory. DoD, non-DoD Federal, and non-government personnel may be charged a registration fee by the contractor to cover all the costs associated with the contract, including a reasonable profit. The contractor collects all registration fees. This registration fee is a reimbursable expense on the travel voucher. However, any meals included in the fee will be deducted from the authorized per diem.

4.55.1. Co-sponsorship. Chapter 3 of DoD 5500.7-R, *Joint Ethics Regulation*, authorizes a DoD component to co-sponsor scientific, technical, and professional conferences, seminars, or like events with a non-Federal entity when specific conditions in the regulation are met. Those conditions are restated in AFI 61-205. As a co-sponsor of one of these events, the Air Force organization, acting as a co-sponsor, may follow the same procedures as when the Air Force is the sole sponsor. Follow the same procedures as in [paragraph 4.49](#) above. Alternatively, the Air Force organization may choose to have the non-Federal entity, which is the co-sponsor of the event, handle the administrative arrangements. In that case, the DoD, non-DoD Federal, and non-government personnel would pay the registration fee to the non-federal entity co-sponsor to cover all administrative costs.

4.56. Veterinary Services:

4.56.1. For fiscal administration of DoD veterinary treatment facilities, refer to AFJI 48-131, Table 6-1 for specific guidance

4.56.2. Collect surcharge fees for veterinary services into the General Receipt Account 573210.9999 (Receipts not otherwise classified) no less often than weekly, or daily when total collections reach \$1,000 or greater. (See DFAS-DE 7010.5-R for detailed procedures.)

4.57. Membership in Professional Organizations. Air Force organizations may use O&M funds to pay membership fees in professional organizations only in the name of the Air Force organization and only if the membership will benefit the organization's mission. Air Force activities may not use O&M funds to pay for membership fees which are in the name of an individual. (See 53 CG 429, 52 CG 495, 24 CG 814, 3 CG 963, 5 U.S.C. 4109, and 5 U.S.C. 5946.)

4.57.1. Membership in Civic Organizations. Comp Gen Decision B-205356 (61 Comp. Gen. 542, July 23, 1982) allows for the use of appropriated funds for an agency/installation membership, **not an individual membership**, in civic organizations which allow membership in the name of an organization, provided there is "an administrative determination that the payment of fees is necessary for the agency to carry out its authorized activities" and "the proposed membership must primarily benefit the agency involved, not its individual employees." Comp Gen Decision B-205356 should be read in its entirety before deciding to expend APF for such a membership. The Comptroller General has cautioned that

their decision “does not mean that every military installation or regional Government office can use appropriated funds to join the Rotary, Kiwanis, Lions and similar organizations.”

4.58. Special Drinking Water. Air Force organizations may purchase drinking water (bottled water) with appropriated funds only when it is a necessary expense from the government’s standpoint:

4.58.1. The public water supply is unsafe for human consumption **as determined by competent medical/environmental authority in writing.**

4.58.2. There is an emergency failure of the water source on the installation.

4.58.3. A temporary facility has no drinking water available within a reasonable distance.

4.58.4. There is no water fit for drinking purposes, as determined by competent medical/environmental authority in writing, available without cost or at a lower cost to the government. **The purchase of drinking water (bottled water) with APF ceases to be authorized when the problem with the drinking water has been remedied.** (See Comp Gen B-247871, B-147622, 3 CG 828, 5 CG 90, 17 CG 698, 18 CG 238, 24 CG 56, and 25 CG 920.)

4.58.5. **Bottled or Potable Water Purchases Incident to Temporary Duty (TDY).** Military members and civilian travelers, directed to perform TDY, are not authorized bottled/potable water as a reimbursable expense. Bottled water is part of the subsistence portion of the per diem allowance. Reference: JFTR (military), Chapter 4, Part F, Miscellaneous Reimbursable Expenses and JTR (civilian), Chapter 4, Part O, Reimbursable Travel Expenses.

4.58.6. **Sports Beverages.** Any requirement to provide sports beverages such as Gatorade must be established by competent medical authority. If the local medical treatment facility (MTF) commander or a medically qualified representative makes a medical determination, in writing, that consumption of such beverages during the performance of official duties is necessary to maintain the physical well being of Air Force members, the use of organizational O&M funds to procure the beverages is authorized. The authority to make this medical determination cannot be delegated to other installation organization commanders. This is the only circumstance under which APF is authorized to procure such beverages for consumption during the performance of official duties. **This direction is not intended to and does not preclude competent medical authority from prescribing the use of sports beverages for medical reasons for individual members on or off duty.**

4.59. CREEK SWEEP Credits. CREEK SWEEP credits are entitlements to the United States Air Force from the Federal Republic of Germany (FRG) in the form of goods and services (not money). The FRG provides the credits under a Memorandum of Understanding (MOU) executed by HQ USAFE on behalf of the DoD and FRG. Air Force installations may accomplish facility requirements (maintenance, repair, renovation, and construction) normally funded with appropriated funds, except as noted herein; with CREEK SWEEP credits provided that the using installation applies all policies, rules, and procedures which apply to appropriated funded projects to the CREEK SWEEP credit projects. Any deviation from this guidance must have the prior approval of SAF/IEI. (Section 9008, Public Law 101-165, November 21, 1989, provides standing authority).

4.59.1. Do not use for minor construction projects costing over \$750,000 accomplished with CREEK SWEEP credits to renovate or improve office space; further,

4.59.2. Do not use them for any purpose on Senior or General Officer housing.

4.59.3. Do not use CREEK SWEEP credits to accomplish facility requirements normally funded with nonappropriated funds (NAF) unless specifically approved by SAF/IEI.

4.60. Licenses and Certificates for Military Members. Comp Gen Decision B-252467, June 3, 1994, allows the Air Force to pay for licenses and certificates for military personnel in instances where Federal law compels Air Force members to comply with state and local regulations requiring the licenses or certificates. The Comp Gen Decision is not applicable to civilian employees of the Air Force, only to Air Force members. However, as stated in the Decision "...appropriated funds are not available to meet the licensing requirements of professional personnel such as teachers, accountants, engineers, lawyers, doctors, and nurses." Appropriated funds will not be used for professional licenses of military or civilian personnel, except as provided below.

4.60.1. **Expenses for Professional Credentials.** Title 5, U.S.C., Section 5757, provides that an agency **may** use appropriated funds to pay for: 1) expenses for employees to obtain professional credentials, including expenses for professional accreditation, State-imposed and professional licenses and professional certification; and 2) examinations to obtain such credentials. This authority may not be exercised on behalf of any employee occupying or seeking to qualify for appointment to any position that is excepted from the competitive service because of the confidential, policy-determining, policy-making, or policy advocating character of the position. **This authority is permissive, not mandatory.** It does **NOT** establish an entitlement. Because of the financial impact this authority may have on the DoD, OSD has decided that they will issue implementation guidance for the Services' exercise of this authority.

4.60.1.1. HQ USAF/DP 28 March 2003 ALL MAJCOM-FOA-DRU/CV Memorandum provided Air Force policy on payment of expenses to obtain professional credentials. Because the authority is codified in Title 5 U.S.C., *Government Organization and Employees*, this authority is applicable to civilian employees only and not to military members.

4.60.1.2. The use of appropriated funds to pay expenses to obtain professional credentials does not extend to employees' memberships in professional organizations unless the membership is a prerequisite to obtaining the professional license of certification (see Comp Gen Decision B-302548, 20 August 2004).

4.61. Service Contracts Crossing Fiscal Years. The FY 98 National Defense Authorization Act (NDAA) (P.L. 105-85) (Codified in 10 U.S.C. 2410A) allows "for procurement of severable services for a period that begins in one fiscal year and ends in the next fiscal year if (without regard to any option to extend the period of the contract) the contract period does not exceed one year." The total cost of the services to be provided over the 12- month period must be reflected in the contract and that amount must be obligated when the contract is signed. The FY 2004 NDAA (P.L. 108-136), Section 1005 further amended 10 U.S.C. 2410A. In addition to authorizing severable service contracts for a 12-month period crossing fiscal years, it now

authorizes 12-month contracts crossing fiscal years for leasing of “real or personal property, including maintenance of such property when contracted for as part of the lease agreement.”

4.62. Air Navigation and Overflight Fees. It is U.S. Government (USG) policy not to pay inappropriate charges against military aircraft, which include air navigation, terminal navigation or overflight fees.

4.62.1. Air navigation and overflight fees are chargeable only in the few exceptional cases where the USG has negotiated a treaty or other agreement with a foreign government or federation that authorizes the payment of these fees. This is rare, and the only such agreement at the time of printing is the New START Treaty (authorizing payment of air navigation fees for certain New START Treaty inspection flights).

4.62.2. If an aircrew is asked to pay inappropriate charges, they must follow the procedures in the *DoD Foreign Clearance Manual*, Chapter 2, Paragraph C2.2.7, available at <https://www.fcg.pentagon.mil>. If local authorities will not let the aircraft depart without payment, the procedures described in the *DoD Foreign Clearance Manual* include marking inappropriate charges on the receipt or bill as “INVALID FEES” and annotating the receipt or bill with the remark “PAID UNDER PROTEST.” The aircraft’s home station fund citation will be charged for this purpose.

4.63. Landing and Parking Fees. It is USG policy not to pay inappropriate charges against military aircraft, which include landing or parking charges at any government airport. Air Force aircraft squadrons/flying units may pay landing and parking fees at foreign airports which have been deemed to be “commercial” in accordance with USG policy, if required to do so. USG also pays reasonable charges for services requested and received, whether at governmental or non-governmental airports. Aircraft landing in a country where a bilateral or multilateral agreement addressing such fees exists will be governed by the terms of that agreement. If local authorities will not let the aircraft depart without payment, the aircrew will mark inappropriate charges on the receipt or bill as “INVALID FEES” and annotate the receipt or bill with the remark “PAID UNDER PROTEST.” The aircraft’s home station fund citation will be charged for this purpose.

4.64. Funding for Athletic Supplies and Fitness Equipment. Per AFI 34-204, *Property Management*, Paragraph 2.4.5., unit level physical fitness equipment is authorized under certain conditions. The appropriate Services/Group Commander must approve the use of organizational funds to procure fitness equipment (FSC 7830). Written justification must be provided to the commander when an organization requests such approval. For ordering and inventory guidance, review AFI 34-204, Paragraph 2.4.5. Organizations may now use the GPC card to procure organizational intramural sports uniforms. The uniforms may not be personalized with individual names or nicknames and are to be returned to the unit following the season or when the member PCSs. Units whose operations are funded solely with working capital funds are prohibited from using such funds to procure MWR equipment such as intramural uniforms and fitness equipment. These units should continue to use Services sports uniform loan program and utilize equipment provided at the base fitness center. Examples of such units are those at AMC aerial ports i.e., Dover, McGuire, Travis, McChord, and Charleston AFBs, which are funded with Transportation Working Capital Funds (TWCF). (NOTE: Local funds are not authorized for purchase of PT Uniforms. Additional information on the Physical Training Uniform (PTU) and Improved Physical Training Uniform (IPTU) Wear Policy is available on the Air Force Portal, under AF/A1SO, Uniforms and Recognition Branch, and also within AFI 36-2903).

4.65. Real Property Damage Recovery. The FY 96 Authorization Act (P.L. 104-106) Section 2821 (Codified in 10 U.S.C. 2782) authorizes amounts recovered for damage to real property (excluding MFH) to be credited to the accounts for which costs of repair or replacement may be paid at the time the recovery is received. However, the law provides that amounts recovered from such damage are not available for obligation and expenditure unless provided in advance in an Appropriations Act. Do not use funds collected for real property damages to finance any repairs unless provided for in an Appropriations Act. Real property includes land improvements (e.g., road and curbing), buildings and permanently attached equipment (e.g., truck scale), structures (small buildings and entrance facilities), and appurtenances (signs and fences).

4.66. Undefined Contractual Actions (UCA). These are also referred to as “unpriced orders” and “letter contracts.” When an annual appropriation or a multi-year appropriation in the last year of availability is used to execute one of these types of contractual actions and definitization occurs in the following fiscal year, the amount being definitized becomes a bona fide need of the (annual appropriation) or a (multi-year appropriation) fiscal year current at the time of definitization (Comp Gen Decision B-197274, Sept. 23, 1983). Under the Federal Acquisition Streamlining Act of 1994, no more than 50% of the overall ceiling price on these types of contracts may be obligated. Any amount of that 50% of the ceiling price, which is not obligated in the fiscal year the letter contract is signed, becomes part of the definitization amount in the current fiscal year. Current waivers to DFARS 217.7404-3 and 217.7404-4 can be found in AFFARS, *Mandatory Procedures* (MP) 5317.7404-3.

4.67. U.S. Flag for Active Duty Military Retirees. The FY 99 Authorization Act (P.L. 105-261), Section 644 (c) (Codified in 10 U.S.C. 8681) directs that “upon release of a member of the Air Force from active duty for retirement, the Secretary of the Air Force shall present a United States flag to the member.” As stated in the statute, “The presentation of a flag under this section shall be at no cost to the recipient.” The flag will, in fact, be presented by the organization from which the individual is retiring and not the SECAF. The flag will be funded from the installation’s O&M-type account. Obtaining flags flown over the U.S. Capital for presentation at retirement are eligible for funding from O&M. The use of appropriated funds to procure a display box for a retirement flag is not authorized by this statute. The statute prohibits multiple presentations of flags (see 10 U.S.C. 8681). (NOTE: Civilian employees of the Military Departments are not authorized to receive Government-funded U.S. Flags or any other type of Government-funded flag at retirement. The only exception is that members of the Senior Executive Service (SES) may, upon retirement or separation, be awarded their SES Flag.)

4.67.1. U.S. Flag for Reserve Component Retirees. The FY 2000 Authorization Act (P.L. 106-65), Section 652 (Codified in 10 U.S.C. 12605) directs that “(A) Upon the transfer from an active status or discharge of a reserve who has completed the years of service required for eligibility for retired pay under Chapter 1223 of this title [10 U.S.C.], the Secretary concerned shall present a United States flag to the member.” The same information in [paragraph 4.61](#) above applies, except Reserve (3740) or ANG (3840) O&M funds will be used for procuring the U.S. Flag and 10 U.S.C. 12605 should be reviewed for prohibition on multiple presentations.

4.67.2. Joint Organizations. Air Force O&M funds will be used to procure flags for retiring military members, without regard to Service affiliation, in Joint Organizations for which the Air Force is Executive Agent, i.e. CENTCOM.

4.67.3. Printing of Invitations and Programs for Military and Civilian Retirements and Promotions. In recognition of technology advances, OSD(DA&M) 28 Aug 98 Policy Memorandum authorized the printing of business cards using personal computers, existing software, and agency-purchased card stock for official communications. For the same reason, that authority is extended to the printing of invitations and programs for retirement ceremonies. APFs are not authorized for the commercial printing, including DAPS, of invitations and programs for military and civilian retirements.

4.68. Memorials and Monuments. Absent specific statutory authority, appropriated funds are not available to fund the construction of memorials or monuments. The construction of memorials in Washington, DC is funded through private donations, e.g. the Vietnam Veterans Memorial, the World War II Memorial, the Air Force Memorial, the Navy Memorial, etc. The Federal Government donates the land and private funds construct the memorial. Once constructed, federal funds are used to maintain the memorials. See AFI 36-3108, *Memorialization Program and Ceremonies*.

4.69. Cable TV in Dormitories. Appropriated funds are not authorized for procuring television sets for or funding Cable TV subscription charges in individual rooms or suites in dormitories. They are a personal expense. (**EXCEPTION:** Beginning in FY 03, OSD has authorized appropriated funds (PBD 205, 10 Dec 01) to provide all on-base USAFE personnel access to the cable television services of AFRTS for command & control and force protection purposes). APF may be used to fund cable TV for day or community rooms utilized by all dorm occupants, as well as, various gaming items found in the recreation area of a home such as a billiard table, foosball table, VCR, video games, DVD player, etc. It is essential that internal controls are present to avoid loss of these items through theft. Reference coordinated SAF/FMB/A6P/A6O and AF/A1S/A7C memorandum "Internet Access in Dormitories" dated 21 Mar 2012 for additional guidance.

4.70. Heart Link Program. CSAF May 30, 2002 memorandum, SUBJECT: Implementation of Heart Link Program established this program based on a determination of the Air Force Community Action Information Board (CAIB) "that a standardized Spouse Orientation Program is critical to family preparedness and enhances mission readiness." Among other things, as a part of this program, each spouse will be presented with a standardized coin after completing the Heart Link Program. The front of the coin will have the Heart Link logo and the back will have the MAJCOM crest. The logo may be modified to reflect the MAJCOM mission.

4.71. Temporary Authority to Hire Contract Security Guards. Authority to hire civilian contract security guards is provided in Public Law 107-314, Section 332. Contract authority is granted "for any increased performance of security-guard functions at a military installation or facility under the jurisdiction of the Secretary undertaken in response to the terrorist attacks on the United States on September 11, 2001, and may waive the prohibition under section 2465(a) of title 10, United States Code, with respect to such contract" under the specific conditions detailed in the NDAA section. This authority has been extended by P.L. 110-181 and shall terminate 30 September 2012. The conditions pertaining to this authority are set out at DFARS 237.102-70.

4.72. Exemption of Certain Firefighting Contracts from Prohibition on Contracts for Performance of Firefighting Functions. 10 U.S.C. 2465(b) paragraph 4 exempts "a contract for the performance of firefighting functions if the contract is for a period of one year or less and

covers only the performance of firefighting functions that in the absence of the contract, would have to be performed by members of the armed forces who are not readily available to perform such functions by reason of a deployment.” The conditions pertaining to this authority are set out in DFARS 237.102-70.

Section 4R—Planning and Tracking Obligations and Outlays

4.73. Supplementing OSD Appropriations (97X) with O&M 3400 Funds. Per OUSD(C) guidance, do not commingle OSD (97X) appropriations and O&M 3400 funds on a contract when initiating the contract or to cover any cost increase on contracts funded with one or the other appropriation. However, you may use O&M 3400 funds to support an OSD-funded program for civilian pay, supplies, and other miscellaneous purchases that do not involve the commingling of the two appropriations on one contract, as long as those OSD-funded program efforts are the same as those for which O&M 3400 are or could be authorized, i.e. RAP and TAP programs. This does not preclude the citing of the two appropriations on a service contract when the use of the service is subject to a documented prorata cost sharing arrangement based on usage of that service by organizations funded from the two appropriations.

4.74. Submitting Outlay Plans. OMB Circular No. A-11, Part 4, Section 135, Procedures For Monitoring Federal Outlays, provides guidance on monitoring and submitting outlay plans Each year, the Office of the Assistant Secretary of Defense, Comptroller (Program/Budget) requires the services to develop a monthly outlay forecast plan for the upcoming fiscal year. HQ AFMC provides a monthly plan for major weapon systems for the investment and RDT&E appropriations per annual guidance from SAF/FMB. The monthly plan for all other appropriations is prepared by SAF/FMB. SAF/FMB consolidates and submits the outlay plan for all Air Force appropriations to the DoD Comptroller. SAF/FMB analyzes variances at the weapon system/program element level and provides deviation reports to the DoD Comptroller when requested.

4.75. Planning:

4.75.1. In October each year, OUSD(C) requests obligation/outlay plans from the Services. These obligation/outlay plans are updated when an appropriation or supplemental bill is enacted and when the Omnibus Reprogramming is implemented. SAF/FMBMM tasks the SAF/FMB appropriations managers for obligation/outlay plans. SAF/FMB appropriation managers submit obligation/outlay plans via excel spreadsheet to SAF/FMBMM. SAF/FMBMM will post obligation/outlay plans for Operation & Maintenance, Military Personnel, Procurement and RDT&E appropriations on the OSD Executive Dashboard no later than 10 days following the enactment of the appropriations bill and implementation of the Omnibus. SAF/FMB appropriation managers in SAF/FMBI and SAF/FMBO task MAJCOMs as needed for information required for the obligation/outlay plans. SAF/FMB reviews and adjusts the appropriation and program year monthly distributions as needed.

4.76. Tracking. DoD compares execution data against the plans as follows:

4.76.1. The Defense Finance and Accounting Service (DFAS) Centers submit summary flash execution data to OSD. DFAS provides outlay data on the eighth workday following the end of the month. Once OSD produces outlay tracking reports, the Air Force provides variance analyses by weapon system within 24 hours. Currently, Air Force Materiel Command provides detailed variance analyses on the 10th workday to meet the OSD suspense.

4.76.2. DFAS submits execution data for outlays under RCS: SAF-FMB(M)7131, Update Obligation/Outlay Tracking System, in order to update the Outlay Tracking System on the 10th workday of each month. The Air Force uses this information to identify shortages or overages by weapons system or program element within the appropriations. The RCS: SAF-FMB(M)7131 report has been designated emergency status code C3. Continue reporting during emergency conditions, delayed precedence. Submit data requirements as prescribed, but they may be delayed to allow the submission of higher precedence reports. Submit by nonelectronic means, if possible. Discontinue electronic reporting during MINIMIZE.

4.76.3. SAF/FMBMM provides monthly status by appropriation that gives variances from plan, along with written rationale for significant variances over or under plan by appropriation.

Chapter 5

APPROPRIATION REIMBURSEMENTS AND REFUNDS

Section 5A—Appropriation Reimbursements

5.1. General Reimbursement Guidance:

5.1.1. The appropriation reimbursement concept avoids duplicating services, facilities, personnel, and stocks of supplies and materiel, and requires the agency requesting these services or supplies to budget for the cost and to defend its requirements to the President and the Congress.

5.1.2. The Office of Management and Budget (OMB) includes anticipated appropriation reimbursements as part of approved apportionments. SAF/FMB transmits this funding authority to the commands (except for procurement appropriations, see [paragraph 5.4.2.1](#)), in addition to, and separate from, funds appropriated exclusively for Air Force mission requirements.

5.1.3. MAJCOMs will not allot anticipated reimbursements unless they have reasonable assurance that the reimbursements will be collected. Even when reimbursements are apportioned and allotted, these estimates do not become budgetary resources available for obligation unless you have valid orders (including written agreements), have furnished goods or services and there is entitlement, or in the case of orders from the public (that is, financed by other than federal government sources), the requester has made advance payment. **EXCEPTION:** in the case of the Consolidated Sustainment Activity Group – Supply, under the Defense Working Capital Fund (DWCF), 10 U.S.C. 2210(b) authorizes, with OMB approval, incurring obligations against anticipated reimbursements.

5.1.4. Foreign Military Sales (FMS) orders convey obligation authority, but do not disburse until cash is transferred from the FMS Trust Fund to the performing appropriation account or the holder of the FMS Trust provides an expenditure authorization. Therefore, except as provided above, funding based on anticipated reimbursements is available only to the extent you actually realize reimbursements. Do not anticipate conversion from your approved reimbursement programs to direct obligation authority.

5.1.5. Financial Management and Comptroller offices will credit reimbursements to appropriations based on the type of work done. Finance reimbursements from appropriations that fund similar direct program requirements. For example, Research Development Testing and Evaluation (RDT&E) appropriation finances reimbursable RDT&E efforts.

5.1.6. DoD FMR 7000.14-R, Volume 11A lists the types of costs that are reimbursable and the amounts to recoup when DoD components do work or sell property within the Department of Defense, to other U.S. Government agencies, and to private parties when allowed by legal authority.

5.2. Responsibilities for Developing Anticipated Reimbursements:

5.2.1. The Air Force supplying or performing activity must include estimated anticipated reimbursements to be realized from sale of supplies and services in their budget estimates and execution plans. Based on this, SAF/FMB will develop Air Force-wide budget estimates

and apportionment requests. SAF/FMB estimates reimbursements for centrally administered programs and for centrally procured materiel based on departmental agreements and financial data available. SAF/FMB asks supplying or performing activities for supporting data and backup exhibits as required (such as computation sheets or additional listings). SAF/FMB will budget for military construction reimbursements based on the historical level of effort or substantiated documentation changing that level from the Program Manager's management.

5.2.2. Operating agencies must inform SAF/FMB of changes in estimates of anticipated reimbursements and identify the changes by category and sales code. Request you provide these changes as soon as they are known so adjustments may be made during the Air Force budget submission to reduce disconnects in the year of execution.

5.3. Responsibilities for Earning Anticipated Reimbursable Programs. Budget officers and appropriate functional area staff agency heads, such as Civil Engineer and Transportation, must act jointly to review reimbursement programs to make sure these programs are proceeding as planned. Consider all programs where reimbursements are anticipated, including programmed support for materiel and services identified in support agreements for intraservice, interservice, and non-DoD activities.

5.3.1. Responsibility for Establishing Reimbursement Receivables for Earned Reimbursements. MAJCOM and installation Financial Management and Comptroller offices must provide their operating location Defense Accounting office (Field Organization) with appropriate billing information to establish reimbursement receivables. This is necessary to ensure accurate and timely billing of earned reimbursements. All reimbursement receivable balances must be validated during quarterly and year-end certifications.

5.4. Funding Procedures and Application. In developing the execution plan, SAF/FMB will include anticipated reimbursements based on estimated customer orders to be received in the total amount planned to be available for obligation. Appropriation managers distribute planned obligations between those for "service account" (Air Force) and those for "customer account" (reimbursable). This plan will be the basis for the initial apportionment request and for funding to commands.

5.4.1. Annual Appropriations. MAJCOM and installation Financial Management and Comptroller offices and Financial Services Officers (FSO) will initially account for reimbursable orders under the appropriation available for obligation when they accept the order. But, if you have not filled the order and have not set up the related reimbursable obligation before the appropriation expires, the FSO/FMA must move the unfilled order to the next fiscal year's appropriation on or before 30 September (see DFAS-DE 7220.1-R). See [paragraph 5.8.2](#) for statutory restrictions on Economy Act Orders (31 U.S.C. 1535).

5.4.1.1. All Annual Appropriations Except Operation and Maintenance, Air Force, (O&M) and Military Personnel, Air Force. Appropriation managers issue budget authorizations, including financing for customers' orders for goods or services, at program level and specify the amounts for "service account" and for "customers' orders". Use sales codes to identify reimbursable customers.

5.4.1.2. Automatic Apportionment for O&M Reimbursements: The Office of Management and Budget (OMB) authorizes using automatic apportionment of reimbursements for the Operation and Maintenance (O&M), AF appropriation (57*3400,

Fund Code 30) and AFRC O&M appropriation (57*3740, Fund Code 54). SAF/FMBO may automatically increase the OMB apportionment up to the planned amount of anticipated reimbursements expected to be received during the current year of execution at the departmental level. In addition, during the year of execution, SAF/FMBO automatically apportions and issues all reimbursement authority to MAJCOM/FOAs FM offices. The field level budget offices load reimbursements as they are earned. (No target is given to the MAJCOM or base budget office).

5.4.1.3. This paragraph intentionally left blank.

5.4.1.4. **Family Housing Appropriation 57*0745 (Fund Code 3Y, O&M).** Deposit proceeds from renting family housing and reimbursements received for family housing services to the family housing account. Apply proceeds from sales of designated excess military family housing to the Military Family housing Operations and Maintenance (O&M) Account 57X0745 (Refer to [Chapter 21](#) for additional information).

5.4.2. **Multiple-year Appropriations.** For multiple-year appropriations whose periods of availability for obligation overlap, apply new reimbursable orders and related transactions only to the most current account available during the period the orders were accepted. In other words, do not accept new orders in a multiple-year appropriation account after its first year of availability. Performing activities that are accounting for customer orders funded by multiple year appropriations shall retain the unearned and unobligated balances of valid unfilled reimbursable orders with the unexpired appropriation current at the time the customer order was accepted. However, FM offices and FSOs must take action at fiscal yearend for expiring accounts to move unfilled orders for which reimbursable obligations have not been established to the ensuing current fiscal year appropriation account (see DFAS-DE 7220.1-R Paragraph C2.5) **and** eliminate anticipated reimbursements (authorized reimbursable budget program), which are nullified at fiscal yearend, to the extent they have not been realized.

5.4.2.1. **Procurement Appropriations:**

5.4.2.1.1. Budget authorizations include financing for procurement of customer orders or security assistance sales, grant aid, etc., and are available only to the extent you receive valid customer orders. This procedure assumes firm customer orders and customer reimbursement at time of delivery. For customer orders from the public, state, and local governments, DoD requires payment in advance before using Air Force funds provided for financing customer orders.

5.4.2.1.2. MAJCOMs must provide SAF/FMB, before the fiscal year begins the total annual amount of estimated anticipated reimbursements (other than FMS) by appropriation and sales code. MAJCOMs must report anticipated reimbursements in the Status of Funds Data Base Transmission, RCS: SAF-FM(M)7801 report. MAJCOMs must also report the status of the total customer program to the degree that orders are received and deliveries are reported. Anticipated reimbursements reported by MAJCOM:

5.4.2.1.2.1. For the current appropriation year are identified by accounts receivable sales code, and must equal the sum of filled and reported orders to agree with the Air Force program at departmental level. SAF/FMB or MAJCOMs

may make changes to the anticipated program during the operating year.

5.4.2.1.2.2. For each unexpired prior-year appropriation must show the most recent 30 September certified status, as adjusted by the operating agency for actual customer order adjustments during the current year. When there have been significant customer order adjustments to prior-year programs, MAJCOMs will advise SAF/FMB of the reason for such adjustment.

5.4.2.1.2.3. Table 5.1 explains how to charge and credit the procurement appropriations for the purchase or sale of investment items to fill customer orders.

Table 5.1. 3010/3011/3020/3080 Appropriations To Be Charged or Credited For The Purchase or Sale of Investment Items To Fill Customer Orders.

R U L E	A	B	C	D	E	F	G
	If item sold was	And stock replacement of principal items is	And the customer order is accepted	And	And the order is	then credit the	and
1	Delivered from stock	required or item sold is a secondary item	in the current FY	the replacement is purchased before the appropriation current when the order was accepted expires	N/A	most current FY appropriation available when the customer order is accepted	for the replacement purchase, charge the same FY appropriation in which the order was accepted.
2				the replacement is purchased after the appropriation current when the order was accepted expires	not moved forward		charge the FY appropriation current when the contract is awarded for replacement

3					moved forward	FY appropriation to which the customer order was moved	for replacement purchase, charge the FY appropriation to which the customer order was moved.
4		not required	on or after 1 Oct 77	N/A	N/A	general fund receipt account of Treasury or the applicable appn	N/A

5.4.2.2. Research, Development, Test, and Evaluation (RDT&E) Appropriation:

5.4.2.2.1. SAF/FMB, Air Force Materiel Command (AFMC), and Air Force Space Command (AFSPC) are responsible for reporting anticipated reimbursements to DFAS on the monthly status of reimbursements for the RDT&E appropriation. Anticipated reimbursements reported for the current year must equal the budget authorization provided and identified by sales code as shown in the FM Data Quality Service (DQS). Anticipated reimbursements reported for each unexpired prior year appropriation are equal to the sum of actual filled and unfilled orders. Adjust unfilled orders reported to show the actual customer order adjustments during the fiscal year. SAF/FMB adjusts the budget authorization for RDT&E reimbursable accounts annually by providing adjustments to equal the sum of the unfilled and earned amounts in the respective Status of Funds Data Base Transmission, RCS: SAF-FM(M)7801 report.

5.4.2.2.2. AFMC and AFSPC use RDT&E to finance its installations that perform development and test functions. These activities do work such as testing and engineering support at the request of other Air Force commands or other government agencies on a reimbursable basis. The requesting organization will reimburse the RDT&E operating funds of the performing AFMC installation for direct costs of supplies, civilian overtime, related TDY, etc. (see [Chapter 7, Section 7I](#)). At least quarterly, AFMC will review and recommend appropriate adjustments to the estimated reimbursable amounts based on written agreements with other organizations for test and engineering support.

5.4.2.2.3. FM and FSO offices account for amendments to prior-year orders in the appropriation year in which the customer amendment is accepted (and obligated) by the performing agency.

5.4.2.3. **Construction Appropriations.** Appropriation managers issue budget authorizations at the Budget Authorization Account Number (BAAN) level for P-354. This document indicates the amount for “service account” and for “customers’ orders.”

5.4.3. **Centralized Reimbursements:**

5.4.3.1. **Redistribution and Marketing (R&M) and Forest Management (DoD FMR 7000. 14-R, Volume 11A, Chapters 7 and 16).** HQ USAF centrally administers these programs. DFAS does central accounting. Deposit proceeds collected from selling forest products to 57F3875.000*. (Note: asterisk represents current fiscal year.) Commands (except Air Force Reserve Command (AFRC)) receive funds for these programs as part of the direct authority furnished in their operating budget authority.

5.4.3.1.1. SAF/FMB will separately identify the amount of the authority issued to each command in the remarks section of their operating budget authority document.

5.4.3.1.2. DFAS will centrally make reimbursable reports for this activity.

5.4.3.1.3. SAF/FMB will advise DFAS of the total anticipated reimbursements estimated to be realized from these programs each year.

5.4.3.1.4. Commands operating under appropriation 57*3400 and 57*3740 will identify these obligations in their Status of Funds Data Base Transmission, RCS: SAF-FM(M)7801report under the functional category code and special RC/CC codes provided in DFAS-DER 7000.1.

5.4.3.2. **Freight Loss or Damage.** Credit reimbursements from carriers to the appropriation from which you will replace the lost or damaged property (see Public Law 97-258 and 10 U.S.C. 2636)). Under a working agreement, DFAS-IN credits all such collections that pertain to general fund appropriations as reimbursements (on a pro rata basis) to the central procurement appropriations. DFAS-IN credits reimbursements to other than general fund accounts (stock and industrial funds) to the applicable account and transmits them to the accountable station.

5.4.3.3. **Classified Projects.** SAF/FMB processes reimbursements for certain classified projects.

5.4.3.4. **FMS Training.** The Air Force Security Assistance Training (AFSAT) organization (Randolph AFB, TX) centrally manages O&M reimbursements for specialized FMS training performed at the MAJCOMs. Specific pricing guidance is in DoD FMR 7000.14-R, Volume 15, and Appendix E of Volume 15.

5.4.4. **Military Personnel Appropriation:**

5.4.4.1. DoD usually requires reimbursement for labor and permanent change of station (PCS) when DoD provides military personnel services to non-DoD federal and non-federal customers. However, do not require reimbursement when other agencies provide the services for DoD’s benefit, per AFI 36-2114 and departmental agreements.

5.4.4.2. The Defense Working Capital Fund (DWCF) charges DWCF customers for military personnel labor expenses incurred by the DWCF business areas in supporting customer orders except for the Transportation Working Capital Fund (TWCF), which does not budget, reimburse, or include MILPERS costs in its tariff rates. The DWCF

reimburses these amounts to the Military Personnel appropriation at the Activity level. See [Chapter 18](#).

5.4.4.3. The DoD FMR 7000.14-R, Volume 11A, *Reimbursable Operations, Policy and Procedures*, provides additional guidance on reimbursing Military Personnel services.

5.5. Billing and Collecting Small Amounts:

5.5.1. When an appropriated fund activity is the performer and the amount to be billed within the same DoD Component or to another DoD Component is less than \$1,000, the billing may be suspended by the billing organization until the end of the fiscal year, or until the total billed exceeds \$1,000. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the amount to be billed is less than \$1,000. (DoD FMR 7000.14-R, Volume 11A, Chapter 3, Paragraph 030503. B.)

5.5.2. Working capital funds, the Corps of Engineers Civil Works Revolving Fund, and any other DoD revolving fund may not waive reimbursement of any amount. This does not preclude identification of a central payment office by a DoD Component to pay small bills. (See DoD FMR 7000.14-R, Volume 11A, Chapter 3, Paragraph 030503.A.)

5.6. Reporting Instructions:

5.6.1. See basic reporting instructions in DFAS-DE 7010.1-R (for installation level) and DFAS-DE 7220.3-R (for command level).

5.6.2. See DFAS-DE 7220.1-R for 30 September certification. It gives special guidance for moving unfilled customer orders to the next fiscal year.

5.7. Statutory Authorities. [Attachment 1 \(Public Laws\)](#) to this AFI shows statutory authorities for appropriation reimbursements commonly used in DoD.

5.8. Obtaining Materiel, Work, or Services from Others. The preceding paragraphs relate mainly to selling materiel, work, or services to others on a reimbursable basis. However, the Air Force also purchases materiel, work, or services from other agencies. Usually, you will use one of the following techniques and legal authorities:

5.8.1. **Project Orders (41 U.S.C. 23).** Project Orders are requests to manufacture materiel, supplies, and equipment or other work or services placed with and accepted by a government-owned and -operated (GOGO) establishment within the DoD that meets the criteria in DoD FMR 7000.14-R, Volume 11A, Chapter 2. It is essential that you are aware of those types of efforts, listed in the DoD FMR, which may not be funded using a Project Order. Per DoD FMR 7000.14-R, apply this guidance regardless of what form you use (including DD Form 448, **Military Interdepartmental Purchase Request (MIPR)**), to request the materiel, work, or services. The organization or activity receiving a project order must be capable of manufacturing the goods or supplying the services requested on the order and not simply be a conduit or middleman for funds being used to procure the goods or services. For more information on the use of MIPRs see AFI 65-116 “*Air Force Purchases Using Military Interdepartmental Purchase Requests (MIPRS)*” Project Orders are authorized by 41 U.S.C. 23. They are not subject to the Economy Act. That is, obligations on project orders remain valid until expended or the funds cited are canceled. Comp Gen Decision B-246773 states that **Project Orders are to be used only within the DoD**. Issue project orders only on a reimbursable basis. **Use the Project Order Form (AF Form 185)**

when executing orders subject to 41 U.S.C. 23. If the AF Form 185 is not available when a project order must be executed, the MIPR -(DD Form 448) may be used to establish a project order. All project orders must include the following statement on the form: **"this order is placed per 41 U.S.C. 23 and DoD FMR 7000.14-R. It is not subject to the Economy Act (31 U.S.C. 1535)."**

5.8.1.1. Make sure that the orders are true project orders as defined in DoD FMR 7000.14-R, Volume 11A, Chapter 2. Do not issue intrafund project orders that you know will not be started by FY-end. If the dollar amount at FY-end is large, consider canceling the orders to preclude any inference that you are using project orders to extend the life of the appropriation ("parking funds").

5.8.2. Economy Act Orders (31 U.S.C. 1535) (DoD FMR 7000.14-R, Volume 11A, Chapter 3) (DFAS-DE 7000.4-R). A DoD component may place requests for materiel, work, or services with another DoD component or another government agency under the *Economy Act*. 31 U.S.C. 1535 requires ordering agencies to reduce obligations recorded on the books against these reimbursable orders at the end of the period for which the appropriation is authorized for obligation to the extent that the agency ordered on has not incurred obligations under that order. This statutory restriction applies only to *Economy Act* orders, which excludes FMS and grant aid orders.

5.8.3. Orders for Procurement by Another DoD Component (10 U.S.C. 2309). These are requests (MIPRs or other authorized purchase requests; also see 31 U.S.C. 1535) for materiel, supplies, or equipment placed with another DoD component that has single service procurement assignment or procurement responsibilities, pursuant to an agreement authorized under Defense Federal Acquisition Regulation Supplement, Subpart 208.70.

5.8.4. Orders From Stock for Supplies, Materiel, or Equipment Placed on Another DoD Component.

5.8.5. Orders Required by Law To Be Placed With a Government Agency. For example: Federal Prison Industries (18 U.S.C. 4124); Government Printing Office (44 U.S.C. 501); Corps of Engineers (33 U.S.C. 576, 701b-10); and General Services Administration (Federal Supply Schedule).

5.9. Deobligation, Reimbursable Economy Act Orders (31 U.S.C. 1535). Only orders placed under Section 601 of the Economy Act are subject to deobligation as prescribed by 31 U.S.C. 1535 and implemented by DFAS-DE 7000.4-R. All other orders remain on the accounting records until liquidated, adjusted, or deobligated according to normal procedures. Unless MIPRs are used as project orders, meet requirements of a project order and DD Form 448 contains the words "this order is placed per 41 U.S.C. 23." (Note: Per Comptroller General Decision B-196404, Military Interdepartmental Purchase Orders (MIPR) are issued under the Economy Act; thus the deobligation requirement applies to MIPRs.)

5.10. Security Assistance Program Reimbursements. See DFAS-IN/JAX [DFAS Security Cooperation Accounting (SCA)] and DoD FMR 7000.14-R Volume 15 for appropriation reimbursement policies and procedures that apply to the Security Assistance Program, including Foreign Military Sales (FMS), the Military Assistance Program (MAP), and the International Military Education and Training (IMET) program.

Section 5B—Appropriation Refunds

5.11. Using Refunds. “Refunds are returns of advances, collections for overpayments made, adjustments for previous amounts disbursed, or recovery of erroneous disbursements from appropriation or fund accounts that are directly related to, and are reductions of, previously recorded payments from the accounts” (Comptroller General Decision B-257905, December 26, 1995). FM and FSO/FMA offices will treat these items (such as the recovery of a salary overpayment or a return of the unused portion of a travel advance) as reductions of disbursements; do not include them as reimbursements. Refunds also include credits to an appropriation or fund account because of accounting adjustments relating to obligations or disbursements where law or regulation allows this procedure. Credit refunds to the same appropriation or fund account to which you recorded the previously related expenditure. To the extent practical, give refund vouchers the same detailed accounting classification cited on the related expenditure voucher.

5.12. Examples of Appropriation Refunds:

- 5.12.1. Collections of salary overpayments. See [Chapter 22](#).
- 5.12.2. Collection of overpayments made to commercial concerns.
- 5.12.3. Collections for items previously paid for but subsequently rejected and returned.
- 5.12.4. Monetary consideration received on acceptance of nonconforming supplies or services.
- 5.12.5. Collections for suspensions or disallowances by the General Accounting Office.
- 5.12.6. Collections for transportation (for both persons and things) if the enlisted member, officer, or civilian employee must pay, in whole or part, for baggage or property transported in excess of allowances.
- 5.12.7. Recoveries on payments for contractual services where the contracts are terminated and adjustments are made for the unused portion.
- 5.12.8. Recoveries on unused monetary allowances in lieu of subsistence and quarters while in a travel status.
- 5.12.9. Checks that have been recorded as a disbursement by a finance officer and which are subsequently returned for cancellation.
- 5.12.10. Repayments against advances or loans made to contractors, and so forth.
- 5.12.11. Amounts recovered as a result of price redetermination actions or other adjustments under contracts, including voluntary refunds by contractors.
- 5.12.12. Recoveries of deposits on containers, reels, and so forth.
- 5.12.13. Repayments of Air Force Academy clothing advances and advances of pay to military personnel.
- 5.12.14. Cash receipts from redeeming trading stamps and bonus gift coupons acquired from appropriated fund sources.
- 5.12.15. Collections from employee of lump sum leave payments on reemployment.

- 5.12.16. Collections for unliquidated advanced leave.
- 5.12.17. Collections for travel over-advances.
- 5.12.18. Collections of refunded state gasoline taxes.
- 5.12.19. Collections of witness and jury fees.
- 5.12.20. Capital credit distributions of nonprofit cooperative corporations.
- 5.12.21. Collections to DWCF accounting classifications pertaining to receipt of funds to cover government property lost or damaged (GPLD) when the DWCF controls the property.
- 5.12.22. Collections for damages to military family or unaccompanied personnel housing.
- 5.12.23. Recoveries collected from insurance companies, carriers, members, private parties, etc., pursuant to claims where the government has already paid the amount of the damage (For specifics on carrier recoveries see paragraph [10.68](#))
- 5.12.24. Rebates received from approved banking institutions applicable to the Government Purchase Card (GPC) and Government Travel Card programs. Refunds attributable to use of the GPC may be credited to the appropriate accounts of the Department **that are current when the refunds are received** and that are available for the same purposes as the accounts originally charged and refunds attributable to the Government Travel Card may be credited to operation and maintenance accounts of the Department which **are current when the refunds are received**. The authority for crediting the current year in both cases is contained in recurring General Provisions of the annual Appropriations Act.

5.13. Refunds Receivable. To facilitate accrued expenditure and revenue accounting, FSOs/FMAs recognize refunds in the account as soon as it has been determined that a refund is due the United States government. FSO/FMAs account for a refund receivable (except outstanding advances and prepayments) as a reduction of accrued expenditures rather than as accrued revenue.

5.14. Disposing of Refunds. Because the FSO/FMA adjusts the amount of an obligation to agree with the amount of the expenditure at the time final payment is recorded, any subsequent adjustment of the expenditure amount will also affect the amount of the obligation. If refunds are collected, therefore, the net effect is to increase the unobligated and unexpended balance. Refunds that apply to:

- 5.14.1. Current annual appropriations may be reobligated during that year.
- 5.14.2. Multiple-year appropriations may be reobligated during the designated years identified by the multiple-year citation.
- 5.14.3. Continuing appropriations are identified with the program year of the original expenditure and become available for obligational adjustment in that program year or for new obligations in the current year.
- 5.14.4. Expired appropriations are available for obligational adjustments to the applicable expired account only.
- 5.14.5. Canceled appropriations are deposited to Miscellaneous Receipts of the Treasury.

5.15. Other Refunds. FM and FSO/FMA offices may also treat the following types of transactions as appropriation refunds in the interest of accounting and reporting simplicity:

5.15.1. Accounting adjustments for temporary charges made to an appropriation that is subsequently charged to another appropriation or to funds of another agency (see OMB Circular A-34 and Public Law 89-473).

5.15.2. Certain refunds pertaining to government bills of lading and transportation requests credited by the Transportation Division, DFAS-IN, to special refund accounts prescribed by AFMAN 65-604, rather than to the detailed accounting classifications originally charged. DFAS centrally administers these special refund accounts (see DFAS-DE 7010.1-R and DFAS-DE 7010.5-R).

5.15.3. You may recoup utility connection charges through credits applied at a predetermined rate against billings submitted by the utility supplier (see AFI 32-1061, *Providing Utilities to US Air Force Installations* and DFAS-DE 7010.5-R).

Section 5C—Administrative and Accessorial Costs

5.16. Special Guidance. Apply this section and **Figure 5.1** to determine and charge administrative and accessorial expenses. Administrative costs include items such as fees for copying, certifying, and searching records or other documents. See DoD FMR 7000.14-R, Volume 11A, Chapter 1 (Addendum 1) and Chapter 4. Accessorial costs include costs related to issuing, selling, shipping and transferring supplies, equipment, and other materiel to non-Air Force activities. Do not use this guidance for the USAF Security Assistance Program (see DFAS-IN/JAX [DFAS Security Assistance Accounting (SAA)] and DoD FMR 7000.14-R Volume 15). See **Figure 5.1** for accessorial descriptions and percentage rates.

5.16.1. Accessorial expenses include packing, crating, transportation, and port loading/unloading. The Air Force may incur them for direct delivery of items from contractor facilities and items furnished from Air Force stocks. **Vendors usually include accessorial expenses for direct delivery items in the items' contract price.** If the contractor separately bills for accessorial costs of direct delivery items, reimburse for them per these instructions.

5.16.2. Do not charge other DoD components for accessorial costs. **EXCEPTION:** Charge DWCF or other working capital funds.

5.16.3. Generally, credit reimbursements to the current operating agency and appropriation accounts in which the expenses were incurred, unless otherwise specified by law.

5.16.4. Air Force activities will budget for projected reimbursable accessorial and administrative charges. See DFAS-DE 7010.5-R for billing procedures.

5.16.5. Treat the U.S. Coast Guard (USCG) the same as other DoD components for billing accessorial charges.

5.17. Charging Accessorial Costs. Use the guidance and rates in this paragraph and **Figure 5.1** to determine charges for accessorial costs. Non-DoD agencies must reimburse the Air Force for any part of the accessorial costs not included in the standard price of the item or paid directly from funds cited by the buyer. Ensure that you do not duplicate accessorial charges financed by direct citation of the customer agency's funds or included in the standard prices of reimbursable issues.

5.17.1. Charges for transportation costs not included in standard prices or financed from funds cited by the buyer are from point of shipment to the point at which consignee accepts delivery.

5.17.1.1. Air Force DWCF (formerly stock fund) sales are at a standard price, which includes a surcharge for transportation, Distribution Depot, and Inventory Control Point expenses. See [Table 18.1](#), [Table 18.2](#) and [Table 18.3](#) for TWCF transportation funding responsibilities (FDT and SDT). Customers or users pay this standard price to the applicable Consolidated Sustainment Activity Group – Supply, of the DWCF. If the Air Force supplier incurs any additional costs (second destination transportation, packing, crating, handling, etc.), bill such costs to the purchaser for reimbursement of the Air Force appropriation bearing such costs at either standard percentage or actual cost.

5.17.1.2. Returns to the DWCF Consolidated Sustainment Activity Group – Supply divisions are creditable or non-creditable according to directives prescribing the returns. These DWCF credits may offset later billings for DWCF sales. Pay any accessorial costs (packing, crating, handling, overseas inland transportation) incurred for the creditable returns from the funds of the activity returning the materiel. If an Air Force appropriation pays accessorial costs, then the DWCF Division reimburses the Air Force appropriation and reduces the credit, if this is the most efficient and acceptable way of handling these costs. An alternative would be to have the DWCF Division give credit as usual, and have the appropriation bearing the expense collect directly from the activity returning the item.

5.17.1.3. When you sell or transfer items procured locally to a non-DoD activity, include only the accessorial cost elements you actually incur.

5.17.1.4. The FSO/FMA must add an accessorial charge when authorized non-DoD charge sale customers purchase items in overseas commissaries. The FSO/FMA collects the accessorial charge from the customer.

5.17.2. USAF supply activities making shipments to non-USAF activities must ensure that they show correct coded shipping designators on shipping documents (or substitute media) covering overseas surface shipments as prescribed in AFMAN 23-110, *USAF Supply Manual*. To facilitate billing for shipments by the TWCF business area (formerly DBOF-T), transportation account codes must be reflected on all shipping documents.

Figure 5.1. Accessorial Charge Rates.

Function	Percentage (Note 1)
1. Packing, crating, and handling at storage depot or manufacturer for direct deliveries. (Notes 2, 3)	3.50
2. Parcel post (CONUS destinations) is not additive to other CONUS transportation rates; it is additive to overseas transportation.	3.75
3. CONUS transportation.	3.75
4. CONUS port unloading and handling.	2.50
5. Overseas inland transportation.	3.00

6. Overseas port unloading and handling.	1.00
7. Ocean transportation from CONUS to:	
Alaska, Hawaii, Europe, Latin America, and Mediterranean Ports	4.00
Newfoundland, Labrador, Thule, Iceland, South America (east and west coast), Far East, African Ports (other than Mediterranean), and Near East.	6.00

NOTES:

1. Percentages are applicable to billing price of materiel shipped or inventory price of materiel issued without reimbursement. These rates will not be arbitrarily applied to the acquisition price of all items having a unit value of \$10,000 or over. Instead, actual or estimated costs will be used when determination is made by the supplying agency that a lower and more equitable charge results.
2. Source item packing is distinguished from cargo assembling, packing, and preservation, such as shipments placed in sea vans or trailer vans at ports of embarkation. These latter services are normally performed by the purchasing DoD Component. When such services are performed by the selling DoD Component, use actual or estimated costs as the basis for reimbursement.
3. Storage charges are billed to all non-DoD customers for customer owned materiel, which is held for 30 days or more. Storage charges are determined at the end of each 30-day period. A uniform DoD annual rate of .015 or .00125 percent monthly of the average value of customer-owned materiel is charged unless a commercial storage rate or actual cost is applicable.

5.18. Contract Cost Billings. When you let contracts as part of a reimbursable agreement, bill the benefiting organization for costs incurred for awarding the contract.

5.18.1. Bill the cost of Government-furnished materiel in addition to contract costs.

5.18.2. When the contract is provided to meet the requirements of a non-Federal Government organization, the contractor must reimburse the Air Force a rental charge for the use of plant or production equipment the Air Force utilizes in manufacturing the item being sold.

5.18.3. Bill contract administration charges to other Federal agencies and private parties at the hourly rate established by DoD Comptroller per statutory or guidance requirements. Do not bill these charges within a DoD component or to another DoD component.

5.18.4. Bill non-DoD activities for DoD personnel services in support of contracts described above.

Chapter 6

EXPIRED AND CANCELED APPROPRIATIONS

6.1. Applying this Chapter. Follow this chapter in approving upward obligation adjustments and in using current appropriations to fund payments and adjustments related to canceled appropriations. The contract change rules for charging prior year funds for within-scope changes became effective 8 April 1992. Do not make retroactive adjustments except as directed by SAF/FMB.

6.2. Applying Changes in the Appropriation Life Cycle:

6.2.1. Maintain fiscal year identity indefinitely for appropriations that had not transferred to the “M” accounts as of 5 November 1990. DoD requires fiscal year identity to meet statutory requirements and line item detail to meet reporting requirements concerning the use of current appropriations. See paragraph **6.8** for related Antideficiency Act violations.

6.2.2. Do not record obligations as hedges against future contingencies; these are not valid obligations. Financial Management and Comptroller (FM) and Financial Services Office (FSO) offices should rescind these obligations as part of certification procedures at the end of each fiscal year. See requirements for recording obligations in DFAS-DE 7000.4-R, *Accounting for Obligations*.

6.3. Determining Contract Changes and Upward Obligation Adjustments (UOA). (Title 31 U.S.C., Section 1553). It is the intent of Congress to monitor within-scope changes made by government agencies to contracts funded in expired years and canceled appropriations.

6.3.1. **Under the law**, the DoD Comptroller (OUSD(C)) must approve within-scope contract changes **if**:

6.3.1.1. The change requires additional work by the contractor, and

6.3.1.2. It may be financed with prior year funds, and

6.3.1.3. The funds required for the program, project, or activity (PPA) exceed \$4 million during a fiscal year (cumulative on the PPA throughout the fiscal year). OUSD(C) must notify the Congress of changes that exceed \$25 million. (**NOTE:** OUSD(C) must review any adjustment to the PPA above the \$4 million threshold including items under \$100 thousand.)

6.3.2. Use paragraph **6.3** and the decision tree at **Figure 6.1** to distinguish **within-scope contract changes** that may require reporting to Congress or USD(C) from other **upward obligation adjustments**. **Figure 6.1** also includes a third category, **changes in contract scope**. (**NOTE:** Title 31 U.S.C., Section 1553, states that the type of **contract change** you may charge to an expired account is “a change to a contract under which the contractor is required to perform additional work. Such term does not include adjustments to pay claims or increases under an escalation clause.” The contract provides for these latter adjustments, which are not “contract changes.” Charge such adjustments to the account cited on the original contract.)

6.3.2.1. All upward obligation adjustments that are considered ordinary and within-scope contract changes and/or involve a canceled year account must be processed using the

automated OARS (Obligation Adjustment Reporting system) program. SAF/FMBMM and SAF/FMBIC must review all UOAs for appropriations 0740 (Military Family Housing), 3300 (Military Construction), 0500 (Defense-Wide Construction, and 0103 (BRAC 88) Budget Program 100 and 200. UOA requests in any amount for these appropriations must be submitted in OARS.

6.3.3. Use the three categories mentioned in paragraph **6.3.2** (and related situations) and **Figure 6.1** as tools for analyzing contract changes and other prior year obligation adjustments. The types of transactions in **paragraph 6.3** are not all inclusive; they highlight areas common to most AF activities. Commands must review unique transactions in light of Title 31 U.S.C., Section 1553, DFAS-DE 7000.4-R, applicable Comptroller General Decisions, the bona fide need rule, and this chapter. Title 31 U.S.C, Section 1553, does not alter the Comptroller General role. Document Comptroller General decisions in making determinations and recommendations for processes unique to your command. Also, use the bona fide need rule to evaluate all within scope and change in contract scope transactions. (See DFAS-DE 7000.4-R, Chapter 2, and GAO, *Principles of Federal Appropriations Law*, Volume 1, Chapter 5, for more information concerning the bona fide need rule). SAF/FMB will evaluate all contract change and upward obligation adjustment requests in light of the bona fide need rule regardless of the requester's identified condition.

6.3.4. If your request for a contract change or upward obligation adjustment contains more than one condition or action, you should separately identify each action in the OARS package to speed processing.

6.3.5. **Paragraphs 6. 4** and **6.5** address funding of the transaction; **paragraph 6.6** covers approval procedures.

6.3.6. **Category One: Upward Obligation Adjustments** are not contract changes as described in **paragraph 6.3.2** and do not require DoD or Congressional review. Use current year funds if the funds from the related obligation have been canceled. See **paragraphs 6.4** and **6.5** for more funding guidance. The following types of transactions **normally** fall into this category:

6.3.6.1. **Award and incentive fees.**

6.3.6.2. **Correcting administrative errors.** Includes obligations properly recorded and then erroneously deobligated by contracting or a designated contracting representative; correcting procuring contracting officer (PCO) errors discovered after the contract is signed; and recording of payments made before the appropriation is closed but not recorded by the accountable station until after closure (in-transit).

6.3.6.3. **Correcting accounting errors.** Includes an obligation that was properly recorded and then erroneously deobligated by accounting (accounting did not record a valid obligation); and establishing or maintaining erroneous accounts or refund receivables, whenever you require funding to cover approved accounts or refund receivable write-offs.

6.3.6.4. **Price inflation adjustments** included in the original contract clause (economic and escalation price adjustments); labor wage redeterminations; and cost sharing per contract clause ratios.

6.3.6.5. **Ratification Actions.** These occur when an unauthorized officer or employee incurs an obligation, which becomes binding on the Air Force and is ratified under AF FAR Supplement 5301.602-3. This can occur when an employee knowingly allows a contractor to do work outside the contract's specifications without certifying fund availability and procurement authorization. Charge the appropriation and fiscal year that would have been charged had the obligation been valid from the beginning (DFAS-DE 7000.4-R and DoD FMR 7000.14-R, Volume 14).

6.3.6.6. **Foreign currency fluctuations** (see [paragraph 6.9](#)).

6.3.6.7. **Claims.** In most cases, FSOs/FMAs should obligate claims for meritorious claims (under the *Contract Disputes Act* of 1978) against the appropriation on the contract. But, FM offices must analyze each claim on its own merits to determine which funds to obligate to cover the Government's liability. In every case, consider applying the bona fide need rule to determine which appropriate fiscal year to charge funds against.

EXCEPTIONS:

6.3.6.7.1. If you pay a claim from the statutory Judgment Fund as a result of a decision by the Armed Services Board of Contract Appeals (ASBCA) or the United States Claims Court, charge the Air Force's reimbursement to the Judgment Fund to appropriations current on the date of the board's or court's decision. (DFAS-DE 7000.4-R). Judgment Fund claims paid from current year funds are not counted against the 1% limitation for paying canceled bills with current year funds. Do not submit Judgment fund reimbursements involving current years through OARS, as this will cause an erroneous adjustment to the 1% limit.

6.3.6.7.2. Under 10 U.S.C. 2863 and notwithstanding any other provision of law, you may pay meritorious contractor claims that arise under military construction or family housing contracts from any unobligated funds appropriated and available for these two kinds of projects. So, do not fund claims on construction projects, including O&M-funded minor construction projects, from the project amounts, and do not count these against statutory limits.

6.3.6.8. **Definitization of undefinitized contractual actions (UCA)**, such as letter contracts or unpriced orders, after the appropriation expires. (The term UCA includes any action entered into when final terms, specifications, or price are not agreed upon before work begins.) Continually update definitization schedules for all UCAs issued. UCAs are new contracts for which the contract terms, specifications, or price are not agreed upon before performance is begun under the action. UCAs do not include within-scope contract modifications and do not apply to foreign military sales, purchases under \$25,000, special access programs, or Congressionally mandated long-lead procurement contracts. Prior to amendment by the Federal Acquisition Streamlining Act (FASA) of 1994, no more than fifty percent (50%) of the overall ceiling price could be **expended** prior to definitization. SAF/GCA has ruled that the original obligations incurred under the letter contracts are valid and properly chargeable to the original fiscal year. Therefore, all obligations made on letter contracts prior to the passage of the FASA of 1994 are valid obligations of the fiscal year in which the letter contracts were signed, as long as those obligations did not exceed the amount in the Limitation of Government Liability clause in the letter contracts. With the passage of the FASA of 1994, the Act restricted the

amount that may be **obligated** at the time a letter contract is signed to 50% of the overall ceiling price. This virtually guarantees that there will be additional obligations at the time of definitization. **If definitization takes place in a subsequent fiscal year, those additional obligations are chargeable to the appropriation current at the time of definitization, without regard to whether the current appropriation is a multiple or one-year appropriation.**

6.3.6.9. **Provisioning Item Orders (PIO) price definitization.** Some contracts contain options, which allow activities to issue provisioning orders for items such as spares, repair parts, or aerospace ground equipment. Record obligations at the time your organization issues the SF 30, *Amendment of Solicitation/Modification of Contract*, to the contractor. Charge price definitizations that require additional obligations to the same appropriation charged on the initial order provided the scope of the order does not change. PIOs that change scope or incorporate new Engineering Change Proposals (ECP) must be charged to appropriations current when the scope was changed or the ECP accepted.

6.3.6.10. **Contract overruns.** Evaluate each transaction against the bona fide need rule to determine the proper fiscal year to charge, especially on contracts with multiple modifications over several fiscal years. If a contract modification has increased its scope and work on the additional effort results in an overrun, fund the overrun from appropriations available for obligation at the time of the contract modification, which increased the scope of the contract.

6.3.6.11. **Contract closeout costs.** Evaluate each transaction against the bona fide need rule to determine the proper fiscal year to charge, especially on contracts with multiple modifications spanning several fiscal years. If a contract modification increased the scope of the contract and you need to fund closeout costs relating to work on the additional effort, fund these costs from appropriations available for obligation at the time of the contract modification which increased the scope of the contract.

6.3.6.12. **Incentive contracts funded from target to ceiling.** If cost growth from target to ceiling results from following the contract's terms and conditions, fund with the same appropriation obligated on the contract. Some examples are: negotiation of final overhead rates, scrap and rework, and configuration updates.

6.3.6.13. **Contingency items (within the scope of the contract).** Contract provisions may authorize the government to require more work on facilities, maintenance, repairs and parts, etc. Fund with the same appropriation used for the original obligation.

6.3.6.14. **Contract defaults resulting in reprocurement contract actions.** If you require a reprocurement action that will result in a replacement contract, you may fund it from the same fiscal year funds as the related obligation if:

6.3.6.14.1. The Air Force has a continuing bona fide need for the goods or services involved.

6.3.6.14.2. The original contract was made in good faith.

6.3.6.14.3. The original contract was terminated for default or for the convenience of the Government. If for the convenience of the Government, the termination was the

result of a court order, a determination by a contracting officer that the contract award was improper when there is explicit evidence that the award was erroneous, and when the determination is documented with appropriate findings of fact and of law, or a determination by other competent authority (e.g., the General Accounting Office or a Board of Contract Appeals) that the contract award was improper.

6.3.6.14.4. The replacement contract is substantially of the same size and scope as the original contract; executed without undue delay after the original contract is terminated; awarded to a different contractor.

6.3.7. Category Two: Within-Scope Contract Changes includes contract changes that you can charge to expired accounts and which the Air Force may have to submit to OUSD(C) and Congress for approval. For within-scope contract changes, use the same fiscal year funds as for the related obligation unless you cannot satisfy the bona fide need rule for the same year. Use current year funds if funds on the related obligation have been canceled and the account is closed. See **paragraphs 6.4** and **6.5** for more guidance. Examples of changes that are normally within-scope are:

6.3.7.1. Any contract modification that requires the contractor to do more within-scope work.

6.3.7.2. Increased costs because of differing site conditions.

6.3.7.3. Engineering change proposals (ECP), Value Engineering Change Proposals (VECP), solicited or unsolicited, and Contract Change Proposals (CCP). Because these proposals may result in changes of contract scope, analyze each situation separately to determine the proper funds to cover the Government's liability.

6.3.7.4. Change orders to cost **reimbursement contracts** with a limitation cost or limitation of funds clause that **do not cause the contract ceiling to be exceeded and are otherwise based on antecedent liability** shall be funded from the appropriation used to originally fund the contract.

6.3.7.5. Change orders to cost **reimbursement contracts** with a limitation of cost or limitation of funds clause **that cause the contract ceiling to be exceeded**, and which are **not based on antecedent liability**, enforceable by the contractor, shall be charged to funds legally available when the contracting officer grants the discretionary increase.

6.3.8. Category Three: Change in Contract Scope. When contract changes increase the contract's scope, fund the additional work from appropriations available for current obligation. The Air Force does not have to report these transactions to DoD or Congress under Title 31 U.S.C.. See **paragraphs 6.4, 6.5** and DFAS-DE 7000.4-R for more funding guidance. Whether the contract scope has changed depends on the unique facts and circumstances of each situation; analyze each case separately to make this determination. Examples of situations which change the contract's scope are:

6.3.8.1. Increases in quantities.

6.3.8.2. Modifications of service contracts that increase deliverable services or reports.

6.3.8.3. Increase to the number of hours to be worked.

6.3.8.4. Extended periods of performance. But, determine the scope based on how the revised delivery schedule affects work on the contract. If the extension does not materially alter the contract’s purpose and scope, any resultant increase in obligations (e.g., stretch-out of labor costs) remains a bona fide need to the prior year. Conversely, clearly new efforts (e.g., storage costs not contemplated in the contract) would potentially be beyond scope, current year costs. Make a final determination regarding within scope or beyond scope after evaluating the unique contractual circumstances.

6.3.8.5. Changes to form, fit, or function of end items beyond the scope of the original specifications.

6.3.8.6. Engineering Change Proposals (ECP), Value Engineering Change Proposals (VECP), solicited or unsolicited, and Contract Change Proposals (CCP). Note that these situations may also be within scope contract changes.

6.3.9. This chapter does not address funding procedures for contract options because they are not considered prior year transactions; you finance contract options when exercised. Follow this chapter’s guidance on upward obligation adjustments when the funds related to the exercised option expire or are canceled.

Figure 6.1. Decision Tree - Contract Changes and Obligation Adjustments.

DECISION TREE			
BONA FIDE NEED RULE APPLIES			
Upward Obligation Adjustments to include Comp Gen Decisions and Other Public Law		Within-Scope Contract Changes Title 31 U.S.C., Section 1553	Changes in Contract Scope
1.Award and incentive fees 2.Correct administrative errors 3.Correct accounting errors 4.Price inflation and other adjustments 5.Ratification actions 6.Foreign currency fluctuation 7.Claims* 8.UCA definitization* 9.PIO definitization* 10.Contract overruns 11.Contract closeout costs 12.Target to ceiling* 13.Contingency items (clause related)		1.Contract modifications that require contractor to perform additional work in accordance with the changes clause 2.Differing site conditions 3.ECP/VECP/CCP	1.Increase in quantities 2.Increase in deliverable services 3.Increase in # hrs worked 4.Extended period of performance 5.Increase in specifications (form, fit, function) 6.ECP/VECP/CCP 7.UCA/PIO Definitizations

14.Reprocurement				
Applicable to Expired Year		Applicable to a Closed Year		
Use Expired Year Funds LOGO on cost reimbursement contracts may require use of current year funds (seeparagraph6.3.7.5.)		1% Applies Use Current Year Funds - Payments Imminent		Use Current Year Funds
*Some situations may require the use of current year funding.				

6.4. Using Current and Expired Appropriations.

6.4.1. Using Current Appropriations:

6.4.1.1. Pursuant to Title 31 U.S.C., Section 1553, use current appropriations to finance payment of obligations and upward obligation adjustments against canceled account years. However, the Air Force may not use more than one-percent of each current appropriation over the appropriation’s life to finance canceled obligations and upward obligation adjustments. See [paragraph 6.5](#) for administering the one-percent limitation. The one-percent limitation is administered by SAF/FM and automatically tracked in OARS.

6.4.1.2. You must use currently available appropriations for changes in contract scope. Follow applicable reprogramming procedures when the source of funds is from a different budget line than the requirement. See [paragraph 6.14](#) for more reprogramming guidance.

6.4.2. Using Expired Appropriations:

6.4.2.1. After an appropriation expires, you may use the unobligated balance plus any deobligations to finance valid adjustments **until** the appropriation closes at the end of the

fifth expired year. Do not use current year funds to finance adjustments applicable to expired years.

6.4.2.2. Paying stations must be aware of accounts about to be closed. When the paying office receives a request for payment of an obligation, they must ensure the funds cited are available and the disbursement can be made before the account closes. Use current year funds if you can not pay before cancellation of the account.

6.4.2.2.1. If the funds cited are from a closed appropriation, the paying office must request a new (current) fund citation from the accountable office before disbursement. Fund the payment of obligations against a closed appropriation from current appropriations made available by the accountable office.

6.4.2.2.2. Do not authorize payment against an appropriation account which has been closed. That is a reportable violation of the Antideficiency Act under DoD FMR 7000.14-R, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations*.

6.4.2.2.3. Except for the Military Construction and Family Housing Construction appropriations (3300 and 0740) and DoD appropriations (Treasury Index Code 97), MAJCOM/ FOA/ DRU comptrollers of the accountable office may approve using current funds to make these payments for amounts of \$2,000,000 or less. SAF/FMBIC must review both 3300 and 0740 related transactions of \$2,000,000 and under prior to action. Process transactions exceeding \$2,000,000 according to **paragraph 6.6**. For within-scope contract changes and DoD appropriations, the MAJCOM/FOA/DRU comptroller approval limit is for adjustments of \$100,000 or less.

6.4.2.2.4. MAJCOM/FOA/DRUs must also comply with any restrictions incorporated in statute and on the most recent funding documents (including Congressional Special Interest restrictions). These limitations continue in effect following expiration of the appropriation.

6.4.3. Operating Agency Responsibility. The operating agency to which the original funds were issued will provide sources of current appropriations for payments and upward adjustments relating to closed appropriations. If the operating agency responsible for the program has changed, e.g., the establishment of Air Force Special Operations Command, the operating agency currently responsible for the program must provide current appropriation sources.

6.5. Controlling Current Appropriation Limitations:

6.5.1. **Checking the Original Appropriation.** Under the law, the total of current funds used to finance upward adjustments to canceled appropriations can not cause the total obligations and expenditures for the canceled appropriation to exceed the amount originally appropriated to it. This requirement applies to appropriations that expired at the end of FY 89 and after.

6.5.2. **Complying With the One-Percent Limitation.** Title 31 U.S.C., Section 1553, permits DoD activities to use current appropriations to fund canceled obligations where

payment is imminent in the current fiscal year. The law limits this authority to one-percent of each current appropriation during that appropriation's life.

6.5.2.1. The Office of Management and Budget (OMB) will footnote the one-percent limitation on Air Force apportionment documents. However, OMB, DoD, and the Air Force will not withhold funds based on this footnote. Generally, MAJCOMs should not withhold funds either. It is mandatory that all upward obligation adjustments for canceled year bills be recorded in the Obligation Adjustment Reporting System (OARS), regardless of dollar amount. OARS automatically tracks the one-percent limitation.

6.5.2.2. SAF/FMBMM will not issue to the field a limitation related to payments or upward obligation adjustments exceeding \$2,000,000. Approval thresholds for payments and upward obligation adjustments have been established in OARS.

6.5.2.3. While the one-percent limitation is a ceiling, SAF/FMB does not withhold funding. You must provide funding sources when it requires current appropriations to fund obligations related to canceled accounts for which payment is imminent. Consult with the SAF/FMB appropriation manager when funding is unavailable at the MAJCOM/FOA/DRU.

6.5.2.4. These ceilings are limitations subject to the Antideficiency Act. Report violations under DoD FMR 7000.14-R, Volume 14.

6.5.2.5. Use **ESP Code ZC** when you obligate current year appropriations to fund canceled account obligations and expenditures.

6.5.2.6. Any canceled year adjustment request which cumulatively reduces the current year availability of a procurement or RDT&E BPAC by 50 percent or more of the originally enacted amount (adjusted for reprogramming, transfers in/out, supplementals and rescissions) must be forwarded to SAF/FMBMM for prior approval. This includes all proposed adjustments, including those under \$100,000 which would cumulatively exceed this threshold. OARS will automatically track this level.

6.5.3. Approving Upward Adjustments and Contract Changes:

6.5.3.1. For other than the 0740 and 3300 appropriations, MAJCOM/FOA/DRU comptrollers will approve using current year funds to cover canceled account requirements and contract changes that are for no more than \$2,000,000 (except for within scope contract changes and DoD appropriation adjustments for which the limitation is no more than \$100,000). Contact SAF/FMBMM and/or SAF/FMB Appropriation Managers to obtain most current threshold limitations for canceled to current year transactions. MAJCOMs may re-delegate approval below the command level, but their procedures must clearly identify and periodically review such adjustments at MAJCOM level. See [paragraph 6.6.2](#) for reporting requirements.

6.5.3.2. For the Military Construction and Military Family Housing appropriations (3300 and 0740), SAF/ FMBIC must approve **all** upward adjustments of \$100,000 and below. For upward obligation adjustments over \$100,000 in these accounts, follow procedures in [paragraph 6.6](#)

6.5.3.3. SAF/FMBMM will retain Air Force approval authority for using current appropriations to fund:

6.5.3.3.1. Payments against canceled appropriations exceeding \$2,000,000.

6.5.3.3.2. All upward obligation adjustments exceeding \$2,000,000.

6.5.3.3.3. Within scope contract changes exceeding \$100,000.

6.5.3.3.4. Adjustments to DoD appropriations (Treasury Index Code 97) exceeding \$100,000.

6.5.3.4. MAJCOM/FOA/DRU comptrollers must recommend and designate current appropriation sources when requesting approval. Follow the process identified in [paragraph 6.6](#)

6.6. Approving Upward Obligation Adjustments and Contract Change Requests:

6.6.1. SAF/FMBMM must approve adjustments, including transactions to correct accounting errors greater than \$2,000,000 (\$100,000 for within scope contract changes and DoD appropriations) that involve any individual action or contract, before the accounting office records the adjustment in the accounting records. **Do not** net upward adjustments against downward adjustments to avoid this approval requirement.

6.6.2. MAJCOM/FOA/DRU comptrollers must provide SAF/FMBMM with the information in OARS when requesting adjustment and contract change approvals.

6.6.3. SAF/FMBIC must review all 3300 and 0740 appropriation requests for \$100,000 and below. The limitation for within scope contract change and DoD appropriation adjustments is \$100,000. MAJCOMs may re-delegate approval, provided the MAJCOM establishes MAJCOM-level procedures to clearly identify and periodically review the transactions. MAJCOMs must maintain supporting documentation to fulfill reporting requirements to OUSD(C) and Congress on these adjustments. Before approving or forwarding any requests, MAJCOMs must ensure that lower levels have reviewed them.

6.6.4. If you are at a base, forward inquiries on the status of requests to your MAJCOM/FOA/DRU. The status of any adjustment you have worked on can be reviewed at anytime in OARS. SAF/ FMBMM will answer MAJCOM/FOA/DRU budget office inquiries. **SAF/FMB will not respond to contractor inquiries; direct those inquiries to the program offices.**

6.6.5. If you are at a MAJCOM or installation FM, work with FSO/FMA and paying offices to ensure prompt obligation and liquidation of amounts approved for upward adjustment to expired or canceled appropriations.

6.6.6. **Timing of requests for adjustment.** SAF/FMB will work emergency requests for valid urgent requirements case-by-case. **MAJCOMs should routinely submit requests for upward adjustments at least two weeks in advance of the need, to allow time for staffing.** At fiscal year-end, after the first week in September, discuss any request with SAF/FMBMM prior to submission. At fiscal year-end, the MAJCOM must ensure that upward obligation adjustments citing expiring year or canceling account funds will be obligated and expensed prior to fiscal year-end. If not, the adjustment will have to be resubmitted the next fiscal year for approval by SAF/FMBMM.

6.7. Processing Unrecorded Obligations and Payments:

6.7.1. Commands and bases must use current appropriations to finance any obligation which was not recorded prior to closure of the appropriation and must process such transactions as upward obligation adjustments. Also, MAJCOMs and bases will treat an obligation which was properly recorded and then erroneously deobligated by contracting or a designated contracting representative as a correction of an administrative error (see [paragraph 6.3.6.2](#) for more information about administrative errors). If the erroneously deobligated obligation pertains to a closed appropriation, follow guidance in [paragraph 6.4.1](#)

6.7.2. **Unmatched disbursements for closed accounts.** Treat any payment that occurred prior to the cancellation of an appropriation but was not recorded in the official accounting and finance records of the accountable station before the date of closure as an administrative error. Correction of the error condition will not constitute a violation of the Antideficiency Act. This includes “by-other” payment cycles where the paying station makes payment in a fiscal year prior to account closure, but the accountable station does not complete the cycle until the next fiscal year when the account is closed.

6.7.3. **Accounting error corrections.** MAJCOMs must send accounting error corrections over \$2 million to SAF/FMBMM using OARS. If a disbursement or collection was made in error to the wrong appropriation and that appropriation canceled before adjusting the accounting records, an adjustment may be made to the canceled appropriation. Comptroller General Decision B-251287.3, issued November 1, 1995 allows the Treasury to accept adjustments to canceled accounts as long as the transaction needing adjustment occurred before the account closed. This situation is most likely to arise through NULO research, validation of canceled bills/invoices, and correction of an unrecorded or improperly charged disbursement from a wrong appropriation or in contract reconciliation. These adjustments would be processed through the DFAS accounting systems and treated, most often, as memorandum type adjustments and are not treated as UOAs. Canceled account obligations and receivables that were not disbursed or collected until after the account canceled will continue to be charged to current year funds or collected in the Miscellaneous Receipt Account, 3200.

6.8. Complying with the Antideficiency Act.

In accordance with DoD FMR 7000.14-R, Volume 14, the following are reportable violations of the *Antideficiency Act*:

6.8.1. Total obligations, including adjustments to obligations, exceed the original appropriation. (Note: the cumulative fund resources of the original appropriation consist of amounts appropriated, net authorized transfers, and realized reimbursements from inception of the appropriation.) This includes any obligation against an appropriation or fund account exceeding the amount available in the original appropriation or fund account. This applies to all appropriation accounts, the obligated balance of which had not transferred to the “M” account as of 5 November 1990. As a result of the law, all appropriation accounts retain fiscal year identity indefinitely.

6.8.2. New obligations or expenditures in canceled accounts. Includes any obligations or expenditures against an appropriation account canceled pursuant to sections 1552, 1555, 1557 of Title 31, United States Code.

6.8.3. Total obligations, or adjustments to obligations, exceed the amount apportioned or allotted. This includes any obligation against any appropriation or fund exceeding the amount apportioned or allotted to the original appropriation or fund account.

6.8.4. All aspects of the Antideficiency Act still apply to fund limitations. The one-percent limitation is a single, cumulative limit. Agencies **may not** use more than one-percent of unexpired funds to pay any combination of canceled obligations (OMB Bulletin No. 91-07).

6.8.5. All upward obligation adjustments involving an ADA violation investigation or potential ADA violation must be submitted to SAF/FMBMM for approval, regardless of dollar amount. Timely submission of reports and upward obligation adjustment requests are essential to preclude the Air Force from being subjected to ADA violation investigations arising from exceeding the legal limitations or otherwise over obligating or over disbursing an appropriation.

6.8.6. **The use of current availability for expired account adjustments.** A violation of the Antideficiency Act occurs whenever an upward obligation adjustment falls within the parameters of Section 1004 of the FY 93 National Defense Authorization Act. If the one-percent limitation on the use of the current year appropriation under Section 1004 is exceeded, this is a reportable Antideficiency Act violation.

6.8.7. **Exceeding the \$4/25M threshold for within-scope contract changes.** Within-scope contract changes above \$4M of expired/canceled funds require OUSD(C) approval and those changes above \$25M require congressional notification. This is at the program, project, and activity level and is cumulative during a fiscal year. Report a violation if the \$4M or \$25M thresholds are exceeded without prior approval from OUSD(C) or Congress, respectively.

6.8.8. An increased focus on Antideficiency Act (ADA) violation investigations and recent DoD policy on disciplinary actions to be taken have prompted the need for closer surveillance of those upward obligation adjustments associated with potential Antideficiency Act violations.

6.9. Handling Foreign Currency Fluctuation Obligations and Payments:

6.9.1. Apply these procedures for making a payment from an expired or canceled account when the foreign currency exchange rate is higher or lower than the established budget rate.

6.9.2. Apply current procedures for using the foreign currency fluctuation Centrally Managed Allotment (CMA) during the five expired years after the period of availability for obligation ends. Once the account is canceled, follow procedures in [paragraph 6.9.3](#)

6.9.3. When expired accounts are canceled, make the payments related to the canceled accounts from current year appropriations. Paying offices will disburse canceled obligations involving designated foreign currencies by charging the basic appropriation at the current-year budget rate and charging or crediting the CMA for the difference between the budget rate and the current rate. As stated above, only the amount charged to the basic appropriation affects the one-percent limitation.

6.9.4. SAF/FMBMM must approve any proposed upward obligation adjustment to the foreign currency CMA exceeding \$2,000,000 prior to recording in the accounting system. Provide the same information required by [paragraph 6.6](#).

6.10. Using Other DoD Appropriations:

6.10.1. Per DoD Comptroller, the Military Departments must scrutinize all budget authority (appropriations) executed through the Air Force, including non-expenditure transfers (identified by the government agency appropriation symbol code 97) with the same attention we provide AF appropriations. Non-AF DoD activities provide these appropriations for Air Force projects and the Air Force retains control of them.

6.10.2. Apply the procedures regarding upward obligation adjustments, including SAF/FMBMM review of changes over \$100,000, for the DoD appropriations as specified in this guidance. All financial managers must ensure that the obligations recorded do not exceed the amounts authorized by law. Air Force activities must also charge valid upward obligation adjustments related to canceled DoD accounts to current 97-coded appropriations.

6.11. Obligating Upward Adjustments in the Accounting System:

6.11.1. Perform these checks and balances prior to recording the obligation. First, determine whether there is a valid obligation. DFAS-DE 7000.4-R permits recording only those transactions which meet specified standards for legitimate obligations. DFAS-DE 7000.4-R, Chapter 2 further defines these standards. Second, apply the bona fide need rule in determining the proper appropriation and fiscal year for the fund citation. Application of the rule depends largely on the facts and circumstances of the specific case. Assist the FSO/FMA or Field Organization in selecting the correct fund citation.

6.11.2. Use available sources such as statutes, regulations or higher headquarters direction in determining the correct fund citation. For example, when there appears to be a lack of funds at the base level to cover an obligation related to an expired account, MAJCOMs should review the facts and circumstances of the case before concurring with the base that, in fact, the suggested fund citation is correct. Do this **prior to recording** the transaction in the accounting system.

6.11.3. The DoD FMR 7000.14-R, Volume 3, Chapter 10 states that all upward obligation adjustments against expired appropriation accounts (including Title 31 U.S.C., Section 1553 defined contract changes) that exceed \$100,000 shall not be accomplished automatically (to include recording the transaction in the accounting system). The MAJCOMs or SAF/FMBMM must approve these adjustments before recording in the accounting system. Do not place any upward adjustment greater than \$2,000,000 (\$100,000 for within scope contract changes and DoD appropriation adjustments) on the books without approval by SAF/FMBMM.

6.12. Reviewing Unliquidated Obligation (ULO) Balances in the Expired Years:

6.12.1. MAJCOM and installations should periodically verify ULO balances, including reconciling ULO balances to supporting documents and reviewing documents to ensure each obligation meets valid criteria. (DFAS-DE 7000.4-R requires accounting offices to deobligate proper and unliquidated obligations when standards for recording are no longer met.) Emphasizing the ULO validation process will help prevent any DoD audit follow-up findings, free funds for use on valid prior year upward adjustments, and enhance the credibility of Air Force accounting reports.

6.12.2. MAJCOMs should establish procedures to assess obligations that are unduly outstanding or inactive, including making a tri-annual review of expired (especially fourth and fifth year) account balances.

6.12.3. To guarantee a thorough review, MAJCOMs will:

6.12.3.1. Ensure that field activities follow guidance in DFAS-DE 7000.4-R (Chapter 9) and DFAS-DE 7220.4-G, *Tri-Annual Review Program*, (Chapter 7) for validity review and update procedures.

6.12.3.2. Ensure that your files document the follow-up effort and provide a clear audit trail supporting adjustments.

6.12.3.3. Provide support to field activities regarding non-response to follow-up action.

6.12.3.4. Meet promptly with contracting officers if follow-up action to procurement offices does not receive adequate or timely attention.

6.12.3.5. Emphasize to field activities the need to elevate problems in a timely manner.

6.12.4. Reviewing ULOs. (Note: normally, you should not have negative unliquidated obligations except when used as progress payments against contracts or as valid refund receivables.)

6.12.4.1. Do not close any account with a negative cash balance until you have made corrections or recorded an offsetting collection which will produce a positive cash balance. If during the negative ULO analysis you determine that the negative is a legitimate account receivable, establish a refund receivable and cancel the negative ULO. Take action to ensure the receivable is collected promptly. This refund receivable should remain on the books until you receive a collection. If the collection is received after the account is closed, deposit the funds to receipt account 3200, "Collections of Receivables from Canceled Accounts".

6.12.4.2. The Department of Defense must maintain records for any open items (obligations or receivables) for as long as they are outstanding, even if the account is closed. The fact that the account is closed does not mean that these items are no longer valid.

6.12.4.3. Review old refund receivable accounts. Uncollected receivables will erode available fund balances required for upward adjustments. Follow collection actions in applicable accounting regulations.

6.12.4.4. When you determine that a negative unliquidated obligation in the accounting system is invalid, report the release of individual or cumulative negative unliquidated obligations over \$2,000,000 to SAF/FMBMM. Use the monthly report in [paragraph 6.16](#) to accomplish this task.

6.12.4.5. If the release of an invalid negative unliquidated obligation puts the appropriation in a negative balance, contact the MAJCOM immediately for resolution. The MAJCOM/FOA/DRU must contact SAF/FMBMM upon determining that sufficient funds are unavailable to correct the deficiency.

6.13. Charging Prior Year Obligated Due-Outs:

6.13.1. Based on guidance from DFAS, charge obligated due-outs to a like year appropriation to comply with legislative requirements to maintain fiscal year identity.

6.13.2. At the end of the five expired years, the Treasury will cancel and withdraw fund balances. Charge obligated due-outs to a like year current appropriation; do not exceed the one-percent limitation. Consider these carry over obligations along with other canceled expenses against the one-percent limitation.

6.14. Reprogramming. (Most guidance in this paragraph applies to Air Staff activities.)

6.14.1. Changes in contract scope. Apply this guidance for using currently available appropriations to fund changes in contract scope.

6.14.1.1. Apply normal reprogramming (DD Form 1415-1, *Reprogramming Action (Prior Approval Action)*) procedures and thresholds.

6.14.1.2. Fund the change from (and identify it to) the current corresponding line item, program element or program applicable to the program for which the change is being made.

6.14.1.3. If an applicable corresponding line item no longer exists in the currently available appropriation for the program for which the change is being made, create a new line item for the program in question to reflect the change adjustment. Apply the same reprogramming threshold procedures for the newly created line that you would use in creating any other new line item.

6.14.1.4. Any line item or program can be the funding source for changes financed from currently available funds. However, you must apply normal reprogramming thresholds to the funding source line item or program.

6.14.2. Within-scope contract changes and upward obligation adjustments for canceled accounts. Follow these procedures for using currently available appropriations to fund upward obligation adjustments and within-scope contract changes for contracts funded by appropriations that have been closed.

6.14.2.1. Charge the appropriation currently available for the same purpose. Apply these specific limitations:

6.14.2.1.1. The sum of all such amounts funded from currently available appropriations may not exceed the lower of (1) one-percent of the originally appropriated amount of the current appropriation being charged or (2) the current unexpended balance of the closed account.

6.14.2.1.2. The unexpended balance is the net of: (1) the sum of the unobligated balance plus the unliquidated obligated balance of the account at the time it was canceled, and, (2) less any and all obligations incurred and payments made subsequent to the cancellation of the original account when such obligations and payments would otherwise have been properly charged to the appropriation had the appropriation not been canceled.

6.14.2.2. Do not apply normal reprogramming (DD Form 1415-1, *Reprogramming Action (Prior Approval Action)*) procedures and thresholds when using currently available appropriations to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled. Reflect the charges in a line item entitled "Canceled Account Adjustments" on DD Form 1416, *Report of Programs*.

6.14.2.2.1. Within an appropriation, you may exceed reprogramming thresholds in currently available appropriations for increases or sources used to finance the Canceled Account Adjustments line item.

6.14.2.2.2. If you exceed reprogramming thresholds for increases or sources to finance these obligations or adjustments to obligations, footnote Column K, of the DD Form 1416, *Report of Programs*, to indicate that the threshold amount has been exceeded due to canceled account adjustments.

6.14.2.2.3. Make the Canceled Account Adjustments line item a separate line item or program element and add it as an entry within a single budget activity.

6.14.2.2.4. Congressional Special Interest restrictions annotated on the current year DD 1414, *Appropriated Base for Reprogramming*, apply.

6.14.3. Within-scope contract changes and upward obligation adjustments using expired year funds. DoD Comptroller does not require the Military Departments to submit reprogramming actions for expired accounts. Fund upward obligation adjustments and within-scope contract changes from the appropriation that initially financed the contract.

6.15. Complying With Control Levels in Expired Accounts:

6.15.1. MAJCOM and appropriation managers do not usually withdraw field-level funding (allocation, allotments, etc.) upon expiration of an appropriation (see [Chapter 3](#)) because expired appropriations continue to be available for obligation adjustments. Continue to comply with fund authorization guidance until the funds issuer revises the authorization or the appropriation is canceled. NOTE: These fund authorizations are not available for new obligations. You must apply obligations incurred, but not recorded until after the appropriation expired, against the availability in the administrative subdivision in effect at the time the obligations were actually incurred.

6.15.2. **Level of Detail in the Expired Years.** For funding and accounting purposes, the level of detail in the accounting systems must remain the same in the expired years as is required for current year accounts. New for Procurement and RDT&E accounts, appropriation managers will be required to issue budget authority for expired appropriations at the line-item detail (see NOTE below). All congressional and legal restrictions continue during the expired period. Recipients will then be required to adhere to the line item detail, in accordance with the budget authorization document issued (this includes resolving all abnormal balance conditions). Military Construction and Military Family Housing Construction appropriations must maintain detail at the project level into the expired years. BRAC 88 must maintain detail at the budget project level. NOTE: as of the printing of this revised AFI, OUSD(C) is in the midst of changing DoD FMR 7000.14-R to reflect the following: Program value, obligations, unobligated balance, unexpended balance, and expenditure balance data integrity must be maintained by line item throughout an account's unexpired and expired availability periods. Expired account adjustments which move resources between budget line items must reflect the appropriate change to that line item's program value amount, unobligated balance, unexpended balance, and expenditure data on the Appropriation Status by FY Program and Subaccounts (Acct Rpt (M) 1002). Additional policy and implementation details will be issued by SAF/FMBM and SAF/FMBI respectively.

6.16. Collections. Title 31 U.S.C., Section 1552, requires that any collections received after the appropriation cancels be deposited to Miscellaneous Receipts Account of the Treasury. Accounts receivables are amounts due from others for goods furnished and services rendered. Refunds are requested returns of advances or recoveries of erroneous disbursements that are directly related to and reductions of previously recorded payments from the accounts.

6.16.1. If the collections are received that are applicable to a canceled account, the collection must be deposited to receipt account 57 3200, Collection of Receivables from Canceled Accounts (Limit .0001 for Refunds and .0002 for Reimbursements).

6.16.2. When writing off a refund receivable with type code 8 or 9 that is posted as a reverse undelivered order outstanding (UOO) or accrued expenditure unpaid (AEU) against an appropriation that is canceled, current year funds must be used to cover the write off.

6.16.3. When a by-others collection is made on or prior to 30 September for a receivable recorded in a closing account, but not accepted by the accountable station until after year-end closeout or later, the accountable station will record the by-others in the appropriation canceled account.

6.16.4. The status of both the direct and reimbursable program obligated and unobligated balances, even in an account that has canceled, must be continuously maintained. If obligations and/or expenditures are incurred against a reimbursable order, and if that reimbursable order is later found to be uncollectable, then a potential violation of the Antideficiency Act may occur to the extent that appropriated (direct program) resources existing in the canceled account are not sufficient to absorb these obligations and/or expenditures. The unobligated balance of the direct program of the canceled account is determined by subtracting all the adjustments made to the canceled account that were charged to a current appropriation both as to purpose and in amount.

6.16.5. Both reimbursement authority and reimbursable obligations should be adjusted to accommodate valid upward obligation adjustments whenever possible. Prior to increasing the accounts receivable transaction, the performing activity must have written evidence from the requesting activity that the requesting activity has performed an upward obligation adjustment, AND understands that a billing action will take place in settlement of the upward obligation payment. Without this written consent and acknowledgement, the performing activity will have to settle the upward obligation adjustment with direct authority. The Air Staff strongly recommends that future, initial agreements between the performing activity and the requesting activity contain disclaimer clauses (in the MIPR, Project Order, MOA, etc.) that spell out the requesting activity's responsibilities in the event of expired/canceled upward obligation adjustments.

6.17. Monthly and Fiscal Year-end Reporting Requirements for Transactions under \$100,000.

6.17.1. **Monthly Reporting Requirements.** Monthly reporting requirements are accomplished through the OARS for tracking limitations required by Title 31 U.S.C., Section 1553:

6.17.1.1. Program name, amount of the adjustment financed (\$ in thousands), PE and Activity Group for 3400 adjustments, and cumulative totals.

6.17.1.2. Reason for adjustment (see **paragraph 6.3** of this guidance for reportable within scope contract changes).

6.17.1.3. Accounting classification (line item detail for all appropriations except O&M. For O&M, appropriation and fiscal year only).

6.17.1.4. Funding Source.

6.17.2. Fiscal Year-end Reporting Requirements:

6.17.2.1. Fiscal year-end reporting requirements are accomplished through OARS for tracking limitations required by Title 31 U.S.C., Section 1553.

Chapter 7

SUPPORT GUIDANCE

Section 7A—Overview

7.1. Applying This Chapter. Follow this financial management guidance to plan and execute support transactions between component organizations of the Air Force and:

7.1.1. Other Air Force activities (**intraservice support** - includes Air Force, Air Force Reserve, and Air National Guard).

7.1.1.1. Combatant commands for which the Air Force is the Executive Agent are Air Force tenants for the purpose of host-tenant funding responsibilities. This also applies to their subordinate organizations. These commands are identified in DoDD 5100.03, *Support of the Headquarters of Combatant and Subordinate Unified Commands*.

7.1.2. Component organizations of other DoD departments and agencies (**interservice support**).

7.1.3. Component organizations of non-DoD departments and agencies (**interagency support**).

7.2. Complying with Statutory Authority. Air Force organizations that obtain materials, work, or services from other DoD components and other government agencies (or provide the same to non-Air Force activities) must do so under statutory authority. Usually, one or more of the following applies:

7.2.1. Project Orders (41 U. S. C. 23).

7.2.2. Economy Act Orders (31 U. S. C. 1535).

7.2.3. Orders for Procurement by Another DoD Component (10 U. S. C. 2308, 2309).

7.2.4. Orders from Stock for Supplies, Materiel, or Equipment of another DoD Component.

7.2.5. Orders Required by Law to be Placed with a Government Agency, e.g.:

7.2.5.1. Federal Prison Industries (18 U.S.C. 4124).

7.2.5.2. Government Printing Office (44 U.S.C. 501).

7.2.5.3. Corps of Engineers (33 U.S.C. 576, 701b-10).

7.2.5.4. General Services Administration (Federal Supply Schedule).

7.3. Responsibilities:

7.3.1. Host vs tenant funding responsibility/determinations (including charging policy) for various categories of support are made by functional organizations. SAF/FMB financial management responsibilities align with the DoD FMR 7000.14-R, which are the types of costs that can be charged.

7.3.2. MAJCOMs and bases should issue instructions to ensure that:

- 7.3.2.1. The originator or manager coordinates the support agreement with the office of the Director, Financial Management/Comptroller (FM).
- 7.3.2.2. The FM activity maintains a file of agreements.
- 7.3.2.3. The Comptroller, or designated representative, signs all agreements (see DoDI 4000.19 and AFI 25-201).
- 7.3.2.4. The FM activity ensures that appropriate costing of activities by the FM resource management is included in the budget process.
- 7.3.2.5. The FM activity assists the SAM in providing support agreements training.
- 7.3.2.6. The FM activity ensures the receivers reimbursable and non-reimbursable direct incremental cost requirements are included in the suppliers annual financial plan.
- 7.3.2.7. The FM activity works with DFAS organizations to ensure the accomplishment of actual billing and collection for support provided, and to provide appropriate accounting services.
- 7.3.2.8. The FM activity provides financial advice to all parties involved in the agreement process.
- 7.3.2.9. Installation Financial Management Comptroller must annually perform a budget review of support agreement reimbursements.
 - 7.3.2.9.1. Compare total dollars collected via reimbursement from customer to the total estimated reimbursement for that customer. Keep in mind one customer may have been serviced through several agreements and that some agreements may be financed via direct cite instead of reimbursement.
 - 7.3.2.9.2. If the total amount collected for the customer is within +/- 5% of what the reimbursement estimate was and that dollar amount is within +/- \$100,000, no further action is required.
 - 7.3.2.9.3. If the variance stated in [paragraph 7.3.4.2](#) is exceeded, compare collections by EEIC and RC/CC to the services specified in the agreement(s). Determine reasons for the amount over 5% and propose changes to the agreement(s) as needed. For example, mission changes or estimating errors may have caused an overestimate or underestimate of requirements. This would require adjusting the budget annex. In some cases, no change may be necessary. For example, the support estimated, while a potential requirement may not have been used or needed during this specific time period. Document the reconciliation and adjust the annex via pen and ink changes. Notify the base Support Agreement Monitor (SAM) and customer of any changes needed to the annex. Depending on the number and degree of changes, a new agreement may need to be accomplished. If the changes are minor, a revised, coordinated budget annex is all that is required.
 - 7.3.2.9.4. There is no prescribed time period in which to perform the annual review. The optimum time period would be close to the timing of execution plans. This gives the customer ample time to adjust the dollars needed for next year's support if large errors were found.

Section 7B—**7.4. General Host-Tenant Responsibilities:**

7.4.1. When a tenant command asks, the host command:

7.4.1.1. Provides administrative and logistical support to the tenant under AFI 25-201 guidance. The tenant requirements must be consistent with the unit precedence in the USAF Program, Bases, Units, and Priorities Documents (PD).

7.4.1.2. Administers funds made available by the tenant's parent command to support the tenant.

7.4.2. The tenant command:

7.4.2.1. Advises the host command of tenant requirements early enough to permit consideration when the host formulates its budget and execution plan and revisions.

7.4.2.2. When the host command asks, furnishes program guidance and factors so the host can include tenant support requirements in host budget estimates and execution plans. The tenant provides similar guidance when the host base budget office provides budget support to the tenant under AFI 25-201.

7.4.2.3. Will not change planning factors such as utilization rates and overall scope of activity (once tenant support requirements are agreed upon) without notifying the host command in advance.

7.4.3. The parties jointly:

7.4.3.1. Revise AFI 25-201 agreements depending on the size of the tenant's requested changes and their effect on the host's support capability.

7.4.3.2. Follow procedures in AFI 25-201 when support agreements are required and commands can not agree.

7.4.3.3. See **Figure 7.1** below for specific funding responsibilities. For additional guidance contact HAF/A4LX for their engagement with the functional owners of the capability area.

Figure 7.1. Host-Tenant Funding Responsibility by Type of Service.

Service	Host Command	Tenant Command	ACS Functional Capability
1. Commercial trans- portation (outbound second destination).	All except shipments in connection with a tenant PCS and TDY.	Shipments in connection with tenant PCS and TDY.	Distribution
2. Communication services and audiovisual services (see notes 1, 2, and 4).	Common user communication services, except for long distance service and audiovisual service.	All toll charges beyond the metropolitan area serviced by the host's communication facilities, and for	Communications/Information

Service	Host Command	Tenant Command	ACS Functional Capability
		special communications services the tenant requires.	
3. Custodial.	On-base facilities for same service provided host organizations, except operational facilities such as crew alert facilities, ROCC, etc., requiring special level of effort, or facilities occupied by contractors supporting the tenant.	Operational facilities such as crew alert facilities, SAGE centers, etc., requiring special level of effort; facilities occupied by contractors supporting the tenant; and all custodial services for off-base units except for jointly occupied leased real property which is the host's responsibility.	Civil Engineer
4. Dormitory furniture and furnishings.	All TA 414 requirements, except off-base tenants with dormitory maintenance responsibility.	Special category requirements such as alert facilities, SAGE centers, ready rooms, etc.	Civil Engineer
5. Leased real property.	Jointly occupied facilities.	Facilities occupied solely by the tenant.	Civil Engineer
6. Maintenance: a. Other than RPMA projects (see note 4.)	For intermediate level maintenance of aircraft, missiles, general purpose vehicles not permanently dispatched or owned by the tenant, and ground-powered equipment, etc., beyond the tenant's ability.	Organizational maintenance of assigned aircraft, missiles, and equipment; for intermediate level maintenance when tenant is organized to do it; and for vehicles permanently dispatched to or owned by the	Maintenance

Service	Host Command	Tenant Command	ACS Functional Capability
<p>b. RPMA projects (includes work classified as maintenance, repair, and minor construction).</p> <p>c. Real property installed equipment (RPIE).</p>	<p>For on-base facilities whether work done in-house or by contract, except minor construction projects with funded cost over \$2,000 (includes A&E design services,) The implementing command will program, budget and fund for allied support minor construction cost included in the Air Force standard communications-computer programs.</p> <p>For all maintenance of RPIE in on-base facilities whether done by in-house work force or contract.</p>	<p>tenant.</p> <p>For off-base facilities whether work is done by the host work force or by contract and on-base minor construction projects with funded cost over \$2,000.</p> <p>For all maintenance of RPIE in off-base facilities whether by host work force or by contract.</p>	<p>Civil Engineer</p> <p>Civil Engineer</p>
7. Military construction.	All on-base projects including those required for a tenant of another command.	All off-base projects for tenants. The command having jurisdiction over the off-base installation, site, or facility has responsibility.	Civil Engineer
8. Rentals:			

Service	Host Command	Tenant Command	ACS Functional Capability
a. Vehicles such as local taxis, buses, etc.(AFI 24-301)when used by personnel other than in a travel status.	If host would normally have had to provide service from assigned vehicles for such transportation. Examples are routine shuttle bus services, etc., between work areas, housing, and recreational areas.	If tenant would normally have had to provide service from assigned vehicles. Examples are special transportation required for access to work areas, housing, or recreational areas.	Logistics Readiness
b. All vehicles per AFI 24-301.	If rented to supplement the host's vehicle authorization.	If rental supplements the tenant's vehicle authorization.	Logistics Readiness
c. Equipment (other than locally procured investment equipment).	If rented to accomplish base support responsibility in support of tenant mission and supplements a host organization authorization.	If rented to accomplish tenant mission responsibility and supplements tenant authorizations.	Civil Engineer
d. Locally procured investment equipment.	If rented to fulfill tenant's approved equipment authorization. (See paragraph7.6.2.2.for exceptions for RDT&E tenant.)		Civil Engineer
e. Post Office boxes.	If rental is for the host's convenience.	If rented for the tenant at the tenant's request.	Postal
f. IPE (other than remotes in telecommunications program for subscriber terminals accessing Local Digital Message Exchange (LDMX) or Automated Telecommunications System (ATS).	A. If system can stand alone (CPU and peripherals) and host is user; applies whether or not system is used as a remote. B. If Air Force remote (less than full computer system) can access only the host computer regardless of user. C. If host-operated remote (less than full computer system) can	A. If system can stand alone (CPU or peripherals) and tenant is user; applies whether or not system is used as a remote. B. If remote (less than full computer system) can access multiple computers, or the accessed computer is external to Air	Communications/Information

Service	Host Command access multiple computers, or a computer external to the Air Force.	Tenant Command Force, and tenant is user.	ACS Functional Capability
<p>9. Support functions common to all tenant organizations to the extent they are not self-supporting:</p> <p>Administration of Athletic and Recreational Personnel. Commissary Comptroller. Dependents Education Data Processing Equipment Exchange Food Service Ground Safety Intelligence Information Service Laundry & Dry Cleaning Legal Medical Off-Duty Education. Printing Property Disposal Procurement & Contract Services Reproduction Services (AF Supplement to DoDD 5330.3, DAPS.) Religious</p>	Host responsibility	(Note 3.)	<p>Services</p> <p>Services</p> <p>Financial Mgmt & Comp Education & Training</p> <p>Communications/Information</p> <p>Services Services Safety Office of Special Investigation Communications/Information</p> <p>Services</p> <p>Judge Advocate Health Services Education & Training Communications/Information Material Management</p> <p>Contracting</p> <p>Communications/Information</p> <p>Chaplain</p>

Service Security Supply Control & Warehousing Officer & Enlisted Quarters Fire protection.	Host Command	Tenant Command	ACS Functional Capability Security Forces Material Management Civil Engineer Airfield Management
10. Training (other - than formal courses under USAF training program)	For base training made available to tenant. Includes TDY of instructors to off-base locations.	If training is peculiar to that organization.	Education & Training
11. Utilities	Provides all utilities the tenant needs to complete its mission. Excludes a tenant's unique requirements for utilities demanding special capability from the host. Examples of unique requirements are pure or uninterrupted supply of electrical power, unique water purification or treatment facilities, etc.	Responsible for any unique utilities needed to complete its mission and requiring special capability from the host. If the tenant is off base, it must fund utilities.	Civil Engineer

NOTES:

1. Tenant units off base fund all communication services received from anyone other than the host.
2. At activities where the Air Force is the Defense Metropolitan Area Telephone System (DMATS) manager (for example, Dayton, Ohio), bill AF tenant activities for local dedicated communications and prorated WATS service.
3. When the host can provide one of these services only through a contract, the off-base tenant command funds the service.
4. If service is provided by contract, the tenant command has funding responsibility. However, if the host command contracts out the service after providing it in-house, the tenant command will assume funding responsibility budget leadtime away.

7.5. Handling Unfunded Requirements. The tenant must tell the host its requirements early enough to allow consideration during budget formulation. When the host is not informed budget leadtime away, the tenant may not “demand” funding from the host. If funds are not available, the host submits an unfunded requirement to its next higher headquarters for funding

consideration. As a last resort, the tenant command may fund the specific unfunded tenant requirement.

7.6. This paragraph intentionally left blank.

7.7. This paragraph intentionally left blank.

7.8. Defense Working Capital Fund (DWCF):

7.8.1. Support agreements with DWCF activities must comply with DoDI 4000.19 and AFI 25-201. Charge DWCF activities for incremental direct costs that are measurable and directly attributable to the receiver. Contact SAF/FMBOO for program element codes which define base support resources provided to DWCF activities. The following PEs are used to calculate TWCF G&A reimbursements to O&M: X1856, Environmental Compliance; X1879, Real Property Services; X1976, Facility Restoration & Modernization; X1978, Facility Sustainment; X8530, MWR; X8531, Lodging; X8532, Airfield Ops; X8534, Command Support; X8538, Installation Law Enforcement Ops; X8539, Physical Security Protection Services; X8540, Supply Logistics; X8541, Community Logistics; X8542, Transportation Logistics; X8550, Information Technology; X8560, MILPERS Services; and X8561, Civilian Personnel Services.

7.8.1.1. Active DWCF business areas on Air Force installations include:

7.8.1.1.1. Document Automation and Production Service (DAPS).

7.8.1.1.2. Defense Finance and Accounting Service (DFAS).

7.8.1.1.3. Defense Commissary Agency (DeCA).

7.8.1.1.4. Defense Reutilization and Marketing Service (DRMS).

7.8.1.1.5. Consolidated Sustainment Activity Group – Maintenance (CSAG-M).

7.8.1.1.6. Transportation Working Capital Fund (TWCF).

7.8.1.1.7. Consolidated Sustainment Activity Group - Supply (CSAG-Supply).

7.8.2. This paragraph intentionally left blank.

7.8.3. TDY of Aircrew Members Assigned to Attachment Units. In accordance with AFI 11-401, *Aviation Management*, paragraph 2.20.2, the attachment unit funds TDYs for aircrew members when they require additional formal aircrew training in order to meet the minimum training requirements prescribed in training instructions. For normal training requirements, the member's assigned primary unit funds any required TDY costs to travel to the attachment unit.

7.8.4. Funding for Rotational Units and Deployments:

7.8.4.1. Because members of rotational units and deployments are TDY and the host operationally controls assigned aircraft, these units are not bona fide tenants. Usually, each Air Force activity budgets and funds for civilian pay and TDY expenses of its personnel. Therefore, unless civilian spaces and personnel authorizations of these tenant units are transferred to the host activity, the activity to which members are assigned will fund civilian pay and TDY. The command to which these transient units are deployed funds all other costs.

7.8.4.2. You should also apply funding guidance for rotational units, deployments, and JCS exercises to ANG and AFRC units assigned duties to support the active forces, other than for training. The command hosting the rotation, deployment, or JCS exercise will fund all costs, except civilian pay and TDY.

7.8.5. TDY Deployments That Involve Transferring Units' (Aircraft And Personnel) Operational Control. Apply these budgeting and funding responsibilities:

7.8.5.1. The command to which personnel are assigned funds TDY and civilian pay.

7.8.5.2. The command with operational control of the aircraft finances all other costs (including base and intermediate maintenance, and contract quarters).

7.8.6. Air Force Special Operations Command. The Memorandum of Agreement between the Air Force and the United States Special Operations Command, as changed by later agreements, governs USAF support of Air Force Special Operations Forces.

7.8.7. Government Support Provided Contractors:

7.8.7.1. Finance the cost of repairing, modifying, or constructing buildings used by a contractor on government-owned or leased land from the appropriations available for such purposes. Charge the command that must accomplish the contract. (That is, from O&M, RDT&E, or military construction.) **EXCEPTION:** do not apply this guidance to contract field teams doing on-site maintenance under AFMC maintenance (DWCF), or O&M-funded contracts. The local base supply officer provides materiel support to these activities as prescribed by AFJMAN 23-210, *Joint Service Manual (JSM) for Storage and Materials Handling*.

7.8.8. Payment for Official Mail. Each installation and geographically separated unit (GSU) must budget and fund for their own official mail requirements. Apply the following guidance:

7.8.8.1. Charge all Air Force and non-Air Force tenants for all postage costs.

7.8.8.2. A Host has the option to set a limit below which it is not cost effective to recoup postage reimbursement.

7.9. Disposing of Turn-in Credits:

7.9.1. When one or more tenants deactivate or depart and have accrued Consolidated Sustainment Activity Group – Supply credits, any remaining tenant units funded by the same parent command will use the Supply Business Activity credits. If none of these units remain, the DWCF reimburses the parent command of the deactivated or departed tenant. Reimburse at the earliest possible date after deactivation or departure, but not later than 30 September of the fiscal year in which the credit was earned.

7.9.2. Follow criteria in (DWCF) guidance to credit turn-ins of expense materiel.

7.10. Billing Tenants:

7.10.1. Consider two or more tenants funded by the same parent command under a single fund allotment as a single tenant. Bill these tenants so you separately classify them and identify charges by cost center.

7.10.2. You may waive billings when the accumulated charges against a reimbursable tenant do not exceed \$1,000.00 for any calendar quarter. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the billed amount is less than \$1,000.00. **EXCEPTION:** Do not apply this waiver to DWCF transactions or support.

7.10.3. See DFAS-DE 7010.5-R, Chapter 9, for billing procedures on support rendered to a tenant.

7.10.4. Thrift Shops operated by Wives/Spouses clubs on Air Force installations are exempt from reimbursing for utilities (SECAF 9 Apr 96 Policy Memorandum).

7.11. Making Jurisdictional Transfers. Gaining and losing commands should draft a transfer agreement to transfer an installation or other activity between jurisdictions. The gaining command should forward the agreement to HQ USAF for approval:

7.11.1. Concurrent with submitting the agreement to HQ USAF, gaining and losing commands must forward revisions to their annual execution plans for the appropriations and funds affected by the transfer. Your justification should cover only the changes in mission because of the transfer. SAF/FMB will adjust the command budget authorizations and fund allocations as necessary.

7.11.2. The commands must try to transfer all funds and funding responsibilities as of one date, preferably on the first day of the month or fiscal quarter. The date of transfer of funding responsibility should coincide with the date of transfer of civilian personnel authorizations. See also DFAS-DE 7010.1-R, Part 4, for transfer of funding responsibilities.

7.12. Reimbursing Landing Fees and Base Maintenance for Transient Aircraft. See AFI 10-1001, *Civil Aircraft Landing Permits*, and specific agreements for current guidance and rates for charging transient aircraft landing fees. Bill for base level maintenance on transient aircraft (including fleet service) as follows:

7.12.1. No reimbursement.

7.12.1.1. ANG aircraft.

7.12.1.2. AFRC aircraft.

7.12.1.3. Other Air Force aircraft

7.12.2. Reimbursement is not required because the above policies are reciprocal. In other words, Air Force installations will not bill ANG, AFRC, or TWCF aircraft for transient maintenance on their aircraft nor will those organizations bill the Air Force for transient maintenance on Air Force aircraft.

7.12.3. Non-Air Force Aircraft. Reimbursement is required. Accumulate individual transactions of less than \$1,000.00 for another DoD activity within a fiscal quarter. If they amount to less than \$1,000.00 during the quarter, the provider may waive reimbursement. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the billed amount is less than \$1,000.00. The Air Force does not require reimbursement for routine parking and launching (Follow Me) service from transient aircraft owned and operated by the U.S. Government or from U.S. Air Force contract aircraft.

7.12.4. **Landing Fees.** The FY 2011 National Defense Authorization Act (NDAA) (P.L. 111-383) amends Chapter 159 of Title 10, U.S.C., by adding Section 2697 Acceptance and

Use of Landing Fees Charged For Use of Domestic Military Airfields by Civil Aircraft. The Secretary of a military department may impose landing fees for the use by civil aircraft of domestic military airfields under the jurisdiction of that Secretary and may use any fees received under this section as a source of funding for the operation and maintenance of airfields of that department. Amounts received for a fiscal year in payment of landing fees imposed under this section for the use of a military airfield shall be credited to the appropriation that is available for that fiscal year for the operation and maintenance of that military airfield, shall be merged with amounts in the appropriation to which credited, and shall be available for that military airfield for the same period and purposes as the appropriation is available. Refer to the text of 10 U.S.C., Section 2697 for further detail.

7.12.5. Johnston Atoll (Reimbursement for Support Provided to Civil Air Carriers). Title 10 U.S.C., Section 9783 authorizes the Secretary of the Air Force may, under regulations prescribed by the Secretary, require payment by a civil aircraft carrier for support provided by the United States to the carrier at Johnston Atoll that is either requested by the civil air carrier or determined under the regulations as being necessary to accommodate the civil air carrier's use of Johnston Atoll. Amounts collected from an air carrier shall be credited to appropriations available for the fiscal year in which collected as follows: (1) for support provided by the Air Force, to appropriations available for the Air Force for operation and maintenance and (2) for support provided by the Army, to appropriations available for the Army chemical demilitarization. Refer to the text of 10 U.S.C. 9783 for greater detail.

7.13. Reserved for future use.

7.14. Investigating Aircraft Accidents, Including Remotely Piloted Aircraft, and Environmental Cleanup. Provide funding support as follows:

- 7.14.1. The host installation supporting the investigation funds for any in-house support.
- 7.14.2. The convening command may pay TDY travel for board members and witnesses.
- 7.14.3. The investigating command funds other support costs (for example, leasing of vehicles or special equipment, leased communications, and other contractual services).
- 7.14.4. The major command or Air Reserve Component that possesses an aircraft at the time of the mishap funds the environmental cleanup of the mishap site.

Section 7C—Interservice Relationships

7.15. Overview. This section prescribes uniform guidance for interservice support (Air Force and other DoD components), consistent with DoDI 4000.19.

7.16. Cross-Servicing:

- 7.16.1. For budgeting and funding, cross-servicing divides into category one (reimbursable) and category two (direct cite).
- 7.16.2. Under category one (reimbursable), Air Force activities acting as the:
 - 7.16.2.1. Ordering agency must budget and fund for the cost of the items or services ordered.

7.16.2.2. Procuring or performing agency must budget on a reimbursable basis. Fund the materiel or services for the ordering agency the same as for similar products or services for your own account.

7.16.3. Under category two (direct cite):

7.16.3.1. The contractor bills each ordering agency separately for articles delivered or services rendered, based on the ordering agency's instructions. But, when articles are delivered for storage to the procuring agency for the ordering agency's account, the agencies must make cross-disbursing arrangements so the procuring agency can pay vendor's invoices against funds cited by the ordering agency.

7.16.3.2. Unless the departments otherwise agree, do not accept or issue Military Interdepartmental Purchase Requests (MIPR) citing expiring appropriations (must be obligated by 30 September of that fiscal year) after 31 May.

7.16.3.3. If you need to submit MIPRs citing expiring appropriations after the cutoff date, first contact the procuring department to find out if it can execute a contract or otherwise obligate the funds by fiscal year-end. Procuring departments must attempt to obligate funds for all such MIPRs accepted after the cutoff date, but accepting a late MIPR does not mean they will obligate all such funds.

7.16.3.4. These instructions do not restrict processing MIPRs as long as the procuring department can execute contracts or otherwise obligate the funds before the end of the fiscal year.

7.16.4. Only orders you place under the **Economy Act (31 U.S.C. 1535)** are subject to deobligation as prescribed in the statute and implemented by DFAS-DE 7000.4-R, *Accounting for Obligations*. **31 U.S.C. 1535(d)** states, "**An order placed or agreement made under this section [the Economy Act] obligates an appropriation of the ordering agency or unit. The amount obligated is deobligated to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation, in (1) providing goods or services; or making an authorized contract with another person to provide the requested goods or service.**" Retain all other orders on the accounting records until liquidated, adjusted, or deobligated according to normal procedures.

7.16.5. **Supporting Commissaries.** The Defense Commissary Agency (DeCA) includes each Military Department's commissary system. As a DWCF activity, DeCA activities on or supported by Air Force installations will reimburse host bases for support costs under negotiated interservice support agreements, using the support categories and guidance in DoDI 4000.19 . Reimbursement includes direct, indirect, and general and administrative (G&A) support costs, but excludes depreciation of a host base's capital equipment and facilities and the cost of its military personnel. DoDD 5105.55, *Defense Commissary Agency (DeCA)*, provides guidance on operating DeCA.

7.17. Determining Cross-Servicing Charges. Base charges for cross-servicing on the guidance in this paragraph. Depending on your agreement, you may need to apply more than one type of cross-servicing in one agreement.

7.17.1. Refer to DoD FMR 7000.14-R, Volume 11A and DFAS-DE 7010.5-R to determine reimbursable costs and amounts to collect for interservice support, unless another directive or instruction authorizes different reimbursements. Examples would be instructions governing major range and test facility bases, revolving fund (DWCF) operations, and foreign military sales.

7.17.2. Compute charges for cross-servicing by activities operating an industrial fund cost accounting system according to Defense Working Capital Fund guidance and the business area's approved charter. DoD guidance on common service warehousing (that is, nonreimbursable) does not apply to industrial funds if they incur costs for services they provide.

7.17.3. Air Force activities operating an industrial-type cost accounting system will include direct labor, direct materiel, and overhead, but not military pay and allowances, in cross-servicing charges.

7.17.4. The furnishing department bills these items at cost: electricity, gas, steam, water, or other similar utilities furnished as a separate cross-service. They can not be incidental to another cross-service and can not be computed under 7.17.1 through 7.17.4 above.

7.17.5. Air Force activities may not levy surcharges or other charges not authorized in this chapter.

7.18. Accepting Cross-Service Orders:

7.18.1. The procuring agency will send a written acceptance or rejection with explanation, not later than 30 days after receiving a cross-service order. (The base activity that contracts or provides the ordered service or materiel, not Accounting and Finance, accepts MIPRs.)

7.18.1.1. **EXCEPTION:** you do not need to accept in writing on orders for common use standard stock, if you can deliver the order (as requested by the ordering agency) within 30 days.

7.18.1.2. You must accept in writing in the case of **delayed delivery** of common use standard stock (usually within 60 days from date of agreement with the performing agency for the delayed delivery). In unusual, infrequent cases, if the accepting agency is not able to deliver within 60 days, it may agree with the ordering activity to delay delivery, but in no event beyond 120 days.

7.18.1.3. If the procuring agency needs more than 30 days to coordinate the order, it should advise the ordering agency in writing of the anticipated acceptance date, within 30 days of receiving the order. Do not change the financing method shown in the acceptance. You do not usually use "Notifications of Rejection" for coordinated procurement when the procuring agency buys for the other services.

7.18.2. Include in an acceptance at least:

7.18.2.1. Identification of cross-service order (number and date, ordering agency, and address).

7.18.2.2. Statement accepting the order. For accepting MIPRs, the statement must say: "The terms of this MIPR are satisfactory and are accepted, subject to the corrections for

consolidated reimbursable procurement stated herein. The items requested will be furnished as follows:”.

7.18.2.3. Statement of financing method you will use in filling the order:

7.18.2.3.1. By reimbursement upon delivery (Category One).

7.18.2.3.2. By direct citation of ordering agency funds (Category Two).

7.18.2.3.3. List of line items under each category above, and total estimated price by line item, **except** that you may consolidate item numbers on the order which are subject to the same procurement method and budget account classification and accept them as a single-line entry.

7.18.2.4. Date of acceptance.

7.18.2.5. Signature, title, and address of officer or individual authorized to accept the order.

7.18.2.6. If the procuring agency expects price revisions or variations in quantity contingencies under consolidated reimbursable procurement, the procuring agency representative who accepts the MIPR must note them in the acceptance statement.

7.18.2.7. You may show the acceptance format on the cross-service order as a snap-out sheet or as a separate form. Include a heading in capital letters that reads: “ACCEPTANCE OF CROSS-SERVICE ORDER”. Provide enough space to include the required information.

7.18.3. Treat amendments to an accepted order the same way as an initial order. Before accepting an amendment, find out whether or not the acceptance results in a loss to the Air Force. If a loss would result, the provider must evaluate the loss and qualify the acceptance to ensure enough funds will be available to reimburse the Air Force for the loss. The provider should waive losses under \$100 resulting from complete cancellation of the order.

7.19. Financing Cross-Service Orders:

7.19.1. Finance cross-servicing by the following methods only:

7.19.1.1. **Category One.** By reimbursing upon delivery or performance or upon settling progress billings for orders placed with industrial funds.

7.19.1.2. **Category Two.** By citing ordering agency funds. In this case, the contractor or supplier will bill and be paid by the requiring activity directly, or the performing activity will cite the funds of the requiring activity.

7.19.2. If either category is appropriate, the procuring agency will decide how to finance cross-servicing.

7.19.3. Cite the requiring department’s funds when the Air Force acts as procuring agency for another department and the items being procured are unique to the other department (the Air Force has no known requirements for like items). When acting as the procuring agency for another department, the Air Force may determine the type of funding (direct citation or reimbursable) to use. Finance all items subject to consolidated procurement, in accepted cross-service orders, on a reimbursable basis. Use the reimbursement method of financing when an order is received for items that are Air Force procured, Air Force used, or which are

normally carried in Air Force stock. Do not use separate contracts or separate delivery schedules to avoid sustaining reimbursable costs for another DoD agency.

7.19.4. For consolidated-reimbursable procurement, **Category One:**

7.19.4.1. When the procuring agency qualifies an acceptance because of anticipated contingencies, that agency will bill at the price determined later. In this case, the procuring agency will periodically advise the ordering agency of changes in the acceptance figure by publishing revised prices. The ordering agency will adjust the obligation recorded to show the current price. Air Force activities will review obligations at least monthly to make sure recorded amounts reflect the procuring agency's current prices.

7.19.4.2. If the procuring agency does not qualify its acceptance for anticipated contingencies, the price in the acceptance is final. The procuring agency will bill at time of delivery.

7.19.5. For direct citation procurement, **Category Two:**

7.19.5.1. The ordering agency will administratively reserve funds for any contingencies indicated in the contract for which it is liable.

7.19.5.2. On 1 August of each fiscal year, the procuring department will advise the requiring department of any Category Two MIPRs on hand citing expiring appropriations on which they will be unable to obligate the funds before the fund expiration date. If unforeseen situations after 1 August prevent executing a contract, the procuring department will notify the requiring department by the quickest means and return the MIPR with a transmittal letter stating why they could not accomplish the procurement.

7.19.6. Under **Category One** (consolidated-reimbursable procurement):

7.19.6.1. Air Force activities acting as the ordering agency must budget and fund under applicable appropriations for all requirements to support assigned mission responsibilities.

7.19.6.2. If your Air Force activity is acting as the procuring or performing agency, you must:

7.19.6.2.1. Include in budget estimates, annual execution plans, and procurement programs, estimated anticipated reimbursements based on known and forecasted requirements of the other military agencies and experience factors.

7.19.6.2.2. Revise your procurement program to show the anticipated reimbursement changes in cases for which you are financing a procurement from Air Force procurement appropriations. Include more funds when required as well as any necessary reductions. In cases for which you would need to delay action on another military agency's order, fill the order and send a request for the increase in budget authorization and reimbursable authority to SAF/FMBI. Include amounts required for funding reimbursable transactions in command requests for allocation or allotment.

7.19.6.2.3. Promptly bill and obtain reimbursement from the ordering agency upon delivery of the articles or performance of the service. When recurring charges are involved, bill the ordering agency at least once a month. Do the project order

reimbursements by processing an SF 1080, *Vouchers for Transfer Between Appropriations and Funds*, completing both certificates, and charging funds provided in the project order. Reference reimbursement billings to the order number.

7.19.6.2.4. Deposit reimbursements received as appropriation reimbursements.

7.19.7. Under **Category Two** (direct citation procurement):

7.19.7.1. Air Force activities acting as the ordering agency must:

7.19.7.1.1. Budget and fund under applicable appropriations for requirements to support assigned mission responsibilities.

7.19.7.1.2. Cite their funds on all orders you send to other military agencies which will be available to the procuring agency for citing on all obligating documents executed.

7.19.7.1.3. Pay vendor's invoices against cited Air Force funds. **EXCEPTION:** When the articles ordered are to be delivered to the procuring agency for account of, and storage for, the Air Force activity and you arranged for cross disbursing, the procuring agency pays directly against the cited Air Force funds.

7.19.7.2. Air Force activities acting as the procuring or performing agency must:

7.19.7.2.1. Include funds citing the ordering agency's funds on all contracts and other documents the Air Force completes for the ordering agency.

7.19.7.2.2. Cross-reference to the original order all subsidiary documents (contracts, delivery and payment documents, etc.) issued under an order received from another military agency. Make sure these documents have enough information to identify them, including MIPR number, contract number, and budget account classification.

7.19.7.2.3. Promptly distribute all subsidiary documents issued under an order.

7.19.7.2.4. Arrange for the contractor or supplier to bill the ordering agency direct. But, when the contractor or supplier will deliver articles to an Air Force activity for account of and storage for the ordering agency, the Air Force will receive the vendors' invoices and pay against funds which the ordering agency authorized the Air Force to cite (consistent with cross-disbursing agreements between the Air Force and the ordering agency).

7.19.8. Transportation bills of lading incident to cross-servicing. Charge the ordering agency's appropriation directly. You must always show the agency to be billed and the chargeable appropriation or fund (as designated by the agency) in the bill of lading. Charge transportation costs for shipments by Defense Logistics Agency (DLA) as DLA prescribes for their appropriations.

7.20. Processing Commitments and Obligations. Follow DFAS-DE *Interim Guidance on Accounting for Commitments* and DFAS-DE *Interim Guidance on Accounting for Obligations*.

7.21. Resolving Service Disagreements. In cases where the respective services disagree on cross-servicing charges or financing, the MAJCOM should forward the disagreement through appropriate channels for resolution. Include your recommendations and comments of all parties.

7.22. Joint-Use Guidance. Sometimes units or activities of one military department (tenant) reside on another military department's (host) installation. The host may provide facilities and services for the tenant unit after completing a host-tenant agreement. Based on local agreements, DoD installations also provide cross-servicing support to one service's units or activities next to or near another service's installation. See DoDI 4000.19 for guidance on support for joint use between the Army, Navy, Air Force, and Defense Agencies. See Chapter 16 of this instruction for Air National Guard support.

Section 7D—Support of Non-DoD Departments and Agencies

7.23. Overview. The Economy Act (31 U.S.C. 1535) authorizes government agencies to enter into transactions with each other when it is in the government's best interest. Apply this section solely to financing orders between Air Force activities and other United States government departments or agencies outside DoD.

7.23.1. Unless otherwise provided for in departmental agreements, determine charges for materiel, work, services and overhead according to [paragraph 7.17](#) and Chapter 1 of DoD FMR 7000.14-R, Volume 11A, *Reimbursable Operations Policy and Programs*. Compute industrial fund charges according to DWCF guidance.

7.23.2. DoD activities usually waive reimbursement, except for support provided by working capital funds, when the accumulated value of services, materiel, and supplies furnished a government agency is less than \$1,000.00 during a calendar quarter. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the billed amount is less than \$1,000.00. But, you must obtain reimbursement for these smaller amounts from working capital funds.

7.23.3. Economy Act orders issued outside the DoD require a Determination and Finding (D&F) from the contracting officer that documents, among other considerations, that the order is in the best interest of the government (FAR Subpart 17.5-Interagency Acquisition Under the Economy Act and DFAR Subpart 217.5).

7.23.4. **Support of U.S. Customs Service.** The Air Force will provide support to the Federal Border Clearance Agencies (U.S. Customs Service, Department of Agriculture, and Immigration and Naturalization Service) at USAF Aerial Ports of entry without charge or reimbursement. If overtime costs are incurred by U.S. Customs Agents clearing USAF aircraft, the installation reimburses the Customs Service for those overtime costs. Reference DTR 4500.9-R, *Defense Transportation Regulation, Part V, Department of Defense Customs and Border Clearance Policies and Procedures*. The DTR is maintained by US TRANSCOM at <http://www.transcom.mil/>. USTRANSCOM (TCJ4-LTP) is the DoD Executive Agent.

7.23.5. **Exception to the Economy Act.** The GSA Information Technology (GSA IT) Fund, authorized by the Clinger-Cohen Act of 1996 (P.L. 104-106) (formerly known as the Information Technology Reform Act of 1996 (ITMRA), was exempted from the provisions of the Economy Act, 31 U.S.C. 1535 and 1536. That is, funds, which expire at the end of a fiscal year, do not have to be returned to the requesting agency by the performing agency, in this instance the GSA IT Fund. However, there is still a binding legal requirement for an Air Force organization (requesting agency) to specify exactly what the funds are for and to

comply with bona fide need and the purpose provisions of the appropriation being utilized to fund the effort requested. Notwithstanding any advice proffered by the GSA IT fund to the contrary, when funds for the specific requirement, as specified on the order, usually a MIPR, are excess to that requirement, they must be returned to the requesting Air Force organization. There is a legal prohibition on extending the life of an appropriation by utilizing funds, issued for a specific order, for other purposes.

7.24. Financing Economy Act Orders. (31 U.S.C. 1535) (Also see [paragraph 7.16.4](#)). Use these methods.

7.24.1. Reimbursement Method. By agreement, the performing agency finances the order using its own funds and is reimbursed later by the ordering agency. The ordering agency pays the performing agency upon completing the order or progressively as the order is completed. Usually the parties complete these financial transactions by using SF 1080, *Voucher for Transfer Between Appropriations and/or Funds*. See DFAS-DE 7010.5-R for billing and collection procedures.

7.24.2. Direct Citation Method. Use this method when it's more feasible and more economical than the reimbursement method.

7.24.3. Advance Payment Method. By agreement, the performing agency requires payment in advance from the ordering agency. The performing agency submits an SF 1080 bill to the ordering activity that makes the advance payment. The performing agency deposits the advance payment in a Consolidated Working Fund or a Working Capital Fund that it then uses to accomplish the *Economy Act* order.

7.24.4. Transfer Appropriation Method. By agreement, the ordering agency transfers its funds to the performing agency to finance Economy Act orders, usually for construction and major procurement. Departmental level only (HQ USAF, etc.) uses this method. HQ USAF processes an SF 1151, *Non-Expenditure Transfer Authorization*, through the Treasury Department. Under this method, the Air Force maintains the appropriation symbol from which funds were transferred, prefixed by the performing agency's symbol.

7.25. Executing Economy Act Orders. (31 U.S.C. 1535) (Also see [paragraph 7.16.4](#)). To the maximum extent possible, Air Force activities will finance Economy Act orders received from or issued to government agencies outside the DoD using the direct citation or the reimbursement method.

7.25.1. In exceptional cases where you can not finance the order using these methods, advise SAF/FMBM through command channels. List the pertinent facts and explain why you can not finance the Economy Act order using these methods. SAF/FMB will determine the financing method and advise the command.

7.25.2. The method you use to finance Economy Act orders issued to another government agency depends mainly on the policies of that agency. But, other government agencies presently furnishing goods or services to the Air Force have agreed to use the reimbursement method of financing, if possible, **except** agencies listed in [paragraphs 7.25.3](#) and [7.25.4](#).

7.25.3. Use advance payment to finance all Economy Act Orders issued to these agencies:

Table 7.1. Authorized Advance Payment Economy Act Orders.

Library of Congress.

Bureau of Mines, Department of the Interior.

Geological Survey, Department of the Interior.

National Oceanic and Atmospheric Administration (NOAA).

National Technical Information Service, Department of Commerce.

Government Printing Office.

Transportation Systems Division, Department of Transportation.

7.25.4. SAF/FMB uses the transfer appropriation method to finance Economy Act orders issued by HQ USAF to the Bureau of Public Roads, Department of Transportation, to construct access roads. HQ USAF will transfer the funds.

7.25.5. Obtain HQ USAF approval prior to making advance payments to agencies other than those indicated in paragraph [7.25.3](#) If another agency requests an advance payment, forward the request through your MAJCOM to SAF/FMBM, 1130 Air Force Pentagon, Washington DC 20330-1130, for approval.

7.25.6. Do not authorize or make advance payments from Air Force annual appropriations that exceed the estimated cost of goods or services to be furnished by the performing agency during the fiscal year (FY) in which you make the advance payment.

7.25.7. The Air Force activity that makes an advance payment to agencies indicated in [paragraph 7.25.3](#) above, or any others specifically approved by SAF/FMB, must complete and monitor all aspects of the advance payment. For advance payments made from Air Force appropriation accounts, you must require the performing agency to:

7.25.7.1. Return estimated 30 September unobligated balances by 15 August of the FY in which you make the advance payment.

7.25.7.2. Return unexpended balances upon completing the Economy Act order.

7.25.8. In many instances, other government agencies that furnish goods or services to the Air Force operate on limited financial resources. Therefore, you must pay bills from these agencies promptly. Also, you must bill other government agencies promptly for goods or services the Air Force provides.

7.26. Economy Act Order Procedures:

7.26.1. The ordering Air Force activity may make advance payments of Air Force funds for orders issued to agencies listed in [paragraph 7.25.3](#) without further recourse to HQ USAF. Follow procedures in DFAS-DE 7010.5-R.

7.26.2. HQ USAF makes the appropriation transfer to the Department of Transportation ([paragraph 7.25.4](#)) and any others specifically approved by HQ USAF.

7.26.3. In all other cases when other agencies do not agree to finance Air Force orders by the reimbursement or direct cite method, the ordering Air Force activity will submit, through command channels, a request for HQ USAF determination and approval of financing arrangements. Send the request to SAF/FMBM, 1130 Air Force Pentagon, Washington, DC 20330-1130. Include:

7.26.3.1. A statement that the performing agency will not accept and finance the *Economy Act* order by the reimbursement or direct cite method.

7.26.3.2. A copy of the order sent to the performing agency, which must include a statement of purpose or nature of work, estimate of cost and time required to complete the work.

7.26.3.3. A statement from the Air Force command that funds are available within existing allocations and that the requirement is included in the approved program, indicating appropriation, program year, and budget program.

7.26.3.4. Other pertinent data to enable HQ USAF to evaluate the request.

7.26.4. After receiving this information, HQ USAF will negotiate with the departmental headquarters of the performing agency to determine the financing method. If these negotiations result in the reimbursement method, direct cite method, or advance payment method, HQ USAF will return the case to the Air Force activity for processing. If the transfer appropriation method is agreed upon, HQ USAF will:

7.26.4.1. Withdraw funds from the Air Force command or operating agency by issuing revised budget authorization and allocation documents or operating budget authority.

7.26.4.2. Transfer Air Force funds to the performing agency by the transfer appropriation method.

7.26.4.3. Notify the Air Force activity, through command channels, when the above actions are completed.

7.27. Other Methods of Funding. Some interagency transactions must comply with particular statutory provisions, special regulations, or special arrangements.

7.27.1. **National Bureau of Standards.** Air Force installations placing work order requests with that agency will finance them on an SF 1080 advance reimbursement basis. Conduct the negotiations and process the SF 1080 at installation level.

7.27.2. **United States Postal Service (USPS).** Unless specifically approved by SAF/AAI, installations may not use "Postage and Fees Paid" indicia in place of metering.

7.28. Transactions with GSA for Leased Facilities:

7.28.1. The Air Force enters into and pays for leases ending in a current fiscal year, renewable from year-to-year at the option of the government, provided language to this effect is in the DoD Appropriations Act for that fiscal year. AFI 32-9001, *Acquisition of Real Property*, has procedures for acquiring and funding leased facilities.

7.28.2. The General Services Administration (GSA) may make communications services in leased facilities available on a reimbursement basis in certain locations where office buildings are large enough to warrant joint-use switchboard and teletype facilities. Contact

the local GSA office to obtain information on specific locations. Compute charges for communications according to GSA Circulars No. 42 and 93.

7.29. Air Transportation Provided to Non-Defense Agencies:

7.29.1. Guidance on furnishing air transportation for non-defense personnel and cargo is in DoD 4515.13-R, *Air Transportation Eligibility*.

7.29.2. Procedures for processing and collecting charges for reimbursable non-defense traffic transported on DoD aircraft other than Air Mobility Command (TWCF) are in DoDD 4500.56, *DoD Policy on Use of Government Aircraft and Air Travel*. AMC determines reimbursement for traffic furnished by AMC (TWCF) aircraft.

7.30. Terms for Support Agreements. The support agreement must identify the categories of support furnished and the method of funding. Normally, you furnish support on a reimbursable basis except for insignificant support or services that are not readily identifiable or measurable. Identify cross-servicing responsibilities in the terms of the agreement.

Section 7E—Civil Air Patrol (CAP) and Air Force Civil Air Patrol Liaison Offices

7.31. Overview. The CAP is a nonprofit corporation that is federally chartered under Section 40301 of Title 36. It has the authority to receive financial and other support from the DoD and other departments and agencies of the Federal Government as described in 10 U.S.C. 9442, 10 U.S.C. 9443, and 10 U.S.C. 9444. Additional guidance on supporting the CAP is contained in AFPD 10-8, *Homeland Defense and Civil Support*; AFPD 10-27, *Civil Air Patrol* and AFI 10-2701, *Organization and Function of the Civil Air Patrol*. The following CAP Reimbursable Programs and Missions, while not all-inclusive, are the primary activities that CAP can be called upon to execute on behalf of the Air Force and other DoD and Federal agencies: Search and Rescue/Disaster Relief (SAR/DR), Counterdrug Programs, Drug Demand Reduction (DDR), Homeland Security, Aerospace Education, Distance Learning, and Cadet Programs.

7.32. Supporting CAP with the use of Appropriated Funds. Since CAP is separate and distinct from the Air Force, the Air Force funding support to CAP programs differs greatly from the standard support of Air Force organizations. This list provides guidance to Air Force agencies responsible for the authorizing, allocating, disbursing, and auditing funds to the CAP on which activities are allowed support with appropriated funds. However, the decision to use Air Force appropriated funds for all, some, or none of these activities rests with the CAP management. Decisions are subject to the availability of appropriated funds.

7.32.1. **Liability Insurance Premiums.** The Air Force may provide CAP with funds for paying the cost of liability insurance to cover missions and activities carried out as a federally chartered nonprofit corporation IAW 10 U.S.C. 9443.

7.32.2. **Other Allowable and Allocable Mission and Program Related Expenses.** The Air Force furnishes to the CAP equipment, supplies, and other resources, to include appropriated funds, to enable the CAP to fulfill its missions and programs. The CAP submits annual appropriated fund execution plans and budgets to the Air Force for approval. The CAP may use appropriated funds for the following types of expenses:

7.32.2.1. **Supplies.** The Air Force may furnish supplies (including fuel, lubricants, and other items required for vehicle and aircraft operations) or provide funds for the acquisition of supplies.

7.32.2.2. **Travel and Per Diem.** The Air Force may pay travel expenses and allowances, at rates not to exceed those paid to employees of the United States under the Joint Travel Regulations (JTR), to members of the CAP while the members are carrying out programs or missions specifically assigned and approved by the Air Force. This includes, but is not limited to, actual and training missions for SAR/DR, Homeland Security, and Counterdrug missions. In addition, the Air Force may provide funds and approve travel expenses and allowances for programs such as DDR, and CAP Commander/Staff Education and Training. Inspector General programs may be funded to the extent they are determined to be in support of Air Force assigned missions or programs.

7.32.2.3. **National Headquarters.** Air Force funds may be used for the National Headquarters and key staff (wing financial analysts, wing administrators, NTC personnel, etc.), at regional, state, or territorial headquarters of the CAP, including funds for the payment of staff compensation and benefits, administrative expenses, travel, per diem and allowances, rent and utilities, and other operational expenses. Air Force funds for staff at wing level may only be used for execution or support of Air Force assigned missions.

7.32.2.4. **Equipment Purchases.** Air Force funds may be used for the purchase of major end items of equipment required by the CAP to carry out its missions and programs (including aircraft, motor vehicles, computers, and communications equipment). In the event any of this equipment is replaced, the proceeds from the sale of the equipment to be replaced will be used to offset the cost of acquiring new equipment IAW Department of Defense Grants and Agreement Regulations (DoDGARS), OMB Circular cost principles, and other applicable laws and regulations. Aircraft procurement funds may be used to purchase new aircraft; initial spares and repair parts ordered at the time of purchase; common ground support equipment; simulators and training devices; special purpose ADPE, modification kits (to include installation), and other aircraft equipment.

7.32.2.5. **Equipment Maintenance.** Air Force funds may be used for placing into serviceable condition, improving, and maintaining equipment (including aircraft, motor vehicles, computers, and communications equipment) owned or leased by the CAP.

7.32.2.6. **Equipment Lease.** Air Force funds may be used for the lease of items of equipment only if specifically approved by the Air Force.

7.32.2.7. **CAP Cadet Program.** Air Force funds may be used to support CAP cadet programs by providing funds, supplies, or equipment for:

7.32.2.7.1. Articles of the Air Force uniform that CAP Cadets are authorized to wear.

7.32.2.7.2. Orientation flights in powered or non-powered aircraft (gliders).

7.32.2.7.3. CAP Demand Drug Reduction program as approved and funded by AF/SG with the 3400 appropriation (PE 88788F, Fund Code 30).

7.32.2.7.4. International Air Cadet Exchange Program (IACE).

7.32.2.7.5. Other activities IAW AFI 10-2701.

7.32.2.8. **Aerospace Education.** The Air Force may provide funds to CAP for educational materials concerning aerospace education and STEM subjects (science, technology, engineering and math) for distribution to teachers and students in K-12 classrooms and other youth development organizations. The Air Force may also provide funds to CAP to conduct K-12 teacher conferences and workshops in the fields of aerospace education and STEM subjects. SECAF delegates approval authority to AETC/ED to determine whether such expenditures further the fulfillment of the Air Force missions and objectives, is consistent with DoD Directive 5410.18, *Public Affairs Community Relations Policy*, and the AETC Community Outreach and Diversity in Operations program, in accordance with 10 U.S.C. Section 9444(b)(12). This approval authority may be further delegated.

7.32.3. **Additional Reimbursement Guidance.** Pursuant to the budget approval process outlined in AFI 10-2701, any expenditure of appropriated funds not included in section 7E of this AFI must be approved by the AETC/CC or his designee at AETC. The following instructions supplement the general guidance mentioned in previous paragraphs.

7.32.3.1. **Supplies, Consumables, and Fees.** When performing missions or programs assigned and approved by the Air Force, including training, evaluations, and inspections, the Air Force may reimburse the CAP for expenses of supplies, consumables, and fees. This includes, but is not limited to, aviation/automotive fuel, lubricants, deice, aircraft preheat, mission specific/essential hanger fees, aircraft oxygen service, supplies used while enroute to/from and while performing the mission, and fuel for portable generators required for the mission.

7.32.3.2. **Aircraft and Specialized Equipment Maintenance – Corporate Owned Aircraft.** The Air Force provides appropriated funds to ensure the CAP is reimbursed for all aircraft and specialized equipment maintenance expenses on all corporate owned aircraft. Fleet-wide reimbursement will not exceed actual fleet-wide expenses. Maintenance costs for corporate owned aircraft may be reimbursed based on HQ CAP-USAF approved flying hour reimbursement rates by aircraft type, actual reimbursement of maintenance actions, or a combination of these two methods.

7.32.3.3. **Aircraft Maintenance – Non-corporate Aircraft.** Contingent on AFAMs and the non-availability of CAP aircraft, maintenance costs for non-corporate owned aircraft will be reimbursed based on HQ CAP-USAF approved flying hour reimbursement rates by aircraft type.

7.32.3.4. **Specialized Equipment.** The CAP, with the approval of HQ CAP-USAF, may establish reimbursable flying hour rates for the use of specialized equipment to include, but not limited to Hyperspectral imaging, and Satellite Digital imaging systems.

7.32.3.5. **Program Income.** With the approval of HQ CAP-USAF, the CAP may establish reimbursement of supplies and usage of equipment provided in support of approved mission requests. Proceeds will be recorded as program income and will only be used to further overall program objectives. In other words, program income may only

be spent on those activities that would be authorized support with Air Force appropriated funds.

7.32.3.6. **Distance Learning.** Air Force funds may be used for Distance Learning initiatives in support of CAP's education and training programs that enable CAP to fulfill the missions and programs assigned by the Air Force.

7.33. Non-Allowable Expenses. The Air Force does not have the authority to reimburse or disburse funds to the CAP for expenses deemed non-allowable by any law, directive, or regulation. Further restrictions are listed and identified in Department of Defense Grants and Agreement Regulations (DoDGARS) and OMB Circulars.

7.34. Supporting Air Force-CAP Liaison Offices. Air Force-CAP liaison offices, as opposed to CAP organizations, are USAF "special activities". HQ AU administers and accounts for funds that finance the direct operating expenses of Air Force CAP liaison offices. Upon request of Air Force CAP liaison offices, commanders of Air Force activities furnish administrative and logistical support following procedures in this chapter.

7.34.1. The Air Force furnishes Air Force CAP liaison offices and personnel at National Headquarters CAP the following administrative and logistical support without reimbursement:

7.34.1.1. Routine office and administrative supplies and equipment required by Air Force personnel assigned to Air Force liaison offices.

7.34.1.2. Special mission aircraft, automotive, and other Air Force equipment carried on current Air Force accountable records and assigned for use by Air Force personnel at National Headquarters CAP or the Air Force liaison offices. They receive maintenance and supply support from the nearest Air Force base responsible for logistical support.

7.34.2. Air Force CAP liaison offices must maintain contact with CAP activities within the area of their assignment and, in carrying out this mission, use:

7.34.2.1. AF Form 15, *United States Air Force Invoice*.

7.34.2.2. SF 44, *Purchase Order Invoice-Voucher*.

7.34.2.3. CAP Form 108, *Payment/Reimbursement Document for Aviation/Automotive/Miscellaneous Expenses*, to procure aircraft fuels and lubricants.

7.34.2.4. Commercial credit cards to procure automotive fuel and lubricants and emergency roadside repairs.

7.34.3. AFI 10-2701 provides guidance for disposing of and accounting for Air Force supplies and equipment issued to Air Force liaison offices.

7.34.4. The Air Force CAP liaison offices are responsible for:

7.34.4.1. Requesting logistical support from commanders of Air Force activities.

7.34.4.2. Limiting support requested to reasonable and necessary items.

7.34.4.3. Presenting their requirements clearly.

7.34.4.4. Furnishing required justification data to facilitate the support by Air Force commanders.

7.34.4.5. Providing Air Force oversight of AF mission related wing activities.

Section 7F—Disaster Relief in the United States, Its Territories and Possessions

7.35. Overview:

7.35.1. Air Force Participation. The military services have historically participated in emergency assistance to civil authorities during periods of disaster caused by natural phenomena. The applicable legal authority requires us to distinguish between assistance provided to (1) states, territories, and possessions of the United States and (2) foreign countries and areas. Air Force guidance is to provide the required emergency military assistance to civil authorities for a limited period in domestic **emergencies, using resources not required to do essential Air Force military missions.**

7.35.2. Implementing Authorities:

7.35.2.1. Public Law 606, 91st Congress (42 U.S.C. Chapter 58). Authorizes federal assistance to states and local governments in major disasters to alleviate damage and suffering. If directed by the President of the United States, Federal agencies may provide assistance to states and local governments in keeping with the act.

7.35.2.2. Executive Orders 11575, 11725, and 13228 (Oct 8,2001: *Establishing the Office of Homeland Security and the Homeland Security Council*).

7.35.2.3. DoD Directive 3025.18, *Defense Support of Civil Authorities (DSCA)*; DoD Directive 3025.16, *Military Emergency Preparedness Liaison Officer (EPLO) Program*; DoD 3025.1-M, *DoD Manual for Civil Emergencies* (Chapter 9, Funding, Accounting, and Reimbursement); AFI 10-802, *Military Support to Civil Authorities*.

7.36. Air Force Responsibilities:

7.36.1. Domestic Emergencies:

7.36.1.1. The Department of the Army is the DoD executive agent. Department of the Army coordinates and controls military support for civil authorities in the event of domestic emergencies.

7.36.1.2. The Department of the Air Force assists the Department of the Army in executing domestic emergency operations consistent with the Air Force's primary mission:

7.36.1.3. HQ Air Force Reserve Command (AFRC) is the planning agent for Air Force participation in domestic emergencies.

7.36.1.4. Each Air Force commander, as directed, assists civil authorities for a limited period in domestic emergencies, provided resources used are not needed for essential military missions. Resources provided are subject to military command and (excepting consumable items such as fuel, food, and clothing) are subject to recall to meet Air Force operational requirements.

7.36.1.4.1. Commanders develop plans and training programs to protect personnel and all other resources of their commands in the event of domestic emergencies (see

AFI 10-2501, *Air Force Emergency Management (EM) Program Planning and Operations*).

7.36.2. **Unified Commands.** Commanders of unified commands who have within their geographic area the states of Alaska or Hawaii, or territories or possessions of the United States, are responsible for controlling and coordinating military support of disaster relief operations within their assigned area of responsibility.

7.37. Funding Procedures:

7.37.1. Budget estimates, operating budgets, and execution plans do not include funds for disaster relief operations. The Air Force does not reserve funds for these purposes. The Air Force usually undertakes these operations on the basis that costs which are additive to normal operating expenses are reimbursed by the agency that requests Air Force participation. Usually, it is necessary for the Air Force activity providing disaster relief assistance to absorb such costs initially within existing fund availability. HQ USAF or MAJCOMs make funding adjustments for these unprogrammed expenditures later to the extent possible. SAF/FMB may establish an Emergency and Special Program (ESP) code to identify the support costs associated with disaster relief operations. When you provide support before SAF/FMB establishes an Air Force-wide ESP code, the MAJCOM or installation providing such support may create its own interim ESP code (see [Chapter 4, paragraph 4.12](#)).

7.37.2. If an Air Force activity takes part in disaster relief, and reimbursement for the costs incurred is necessary, advise HQ USAF through command channels of the funds required to finance the relief activities.

7.37.3. If Air Force participation in disaster relief results in expenses that are additive to normal operating expenses, the MAJCOM sends requests for reimbursement for major disaster support to DFAS for consolidation and forwarding to Commander, US Army Forces Command, Attn: AFPO-PBO, Ft McPherson GA 30330. If the disaster or other emergency is not declared a major disaster by Presidential Proclamation, the supporting Air Force activity sends requests for reimbursements to the recipients of the assistance on completing the relief operations for each specific disaster, or at the end of each fiscal quarter if the disaster is of extended duration. Requests for reimbursement must contain enough detail to identify and segregate:

7.37.3.1. Personal services.

7.37.3.2. Travel and per diem.

7.37.3.3. All other expenses including those that apply to emergency assistance rendered at the specific request of a Regional Director, Federal Emergency Management Agency (FEMA), before declaration of a major disaster.

7.37.3.4. Such other costs or expenditures as the Administration, FEMA, and the Director of the Office of Management and Budget (OMB) may approve, based on the justification submitted. Requests for reimbursement must cite the specific request for assistance issued by a Regional Director, FEMA, under which costs were incurred and the state in which assistance was furnished.

7.37.4. Expenses incurred for disaster relief participation may include:

7.37.4.1. Pay of additional civilian personnel temporarily hired specifically for the disaster operation.

7.37.4.2. Overtime pay of civilian personnel.

7.37.4.3. Travel and per diem expenses of Air Force personnel (military and civilian).

7.37.4.4. Consumable items of supply requisitioned for civilian disaster refugees.

7.37.4.5. Transportation of personnel, supplies, and equipment.

7.37.4.6. Repairing or reconditioning nonconsumable items returned.

7.37.4.7. Repair parts used to repair end items located at the disaster area (excluding depot or field maintenance on a time-compliance basis).

7.37.4.8. Packing and crating supplies and equipment.

7.37.4.9. Petroleum, oil, and lubricants (POL).

7.37.4.10. Items of supplies and equipment lost, destroyed, or damaged beyond economical repair.

7.37.5. FEMA bears the cost of any major rehabilitation or modification of real property under control of the Air Force that FEMA requires and which alters the property to an extent that affects its future use by the Air Force.

7.37.6. The following items **are not eligible for reimbursement** in connection with disaster relief assistance, but are normal operating expenses:

7.37.6.1. Regular pay and allowances of Air Force personnel (except travel and per diem costs).

7.37.6.2. Administrative overhead costs.

7.37.6.3. Annual and sick leave, retirement, and other military or civilian benefits.

7.37.6.4. Cost of telephone, telegram, or other means of electrical transmission used to requisition items into a disaster area, or to replenish depot stocks.

7.37.7. Major commanders must have a prior understanding with Regional Directors, FEMA; directors, American Red Cross area offices; and state and local government authorities regarding requisitioning and reimbursement responsibilities on the part of the requesting agency. Also, commanders should reach prior agreement on the validity of charges claimed by the Air Force under exceptional circumstances. For example, it may be necessary for components of other military services to furnish personnel, supplies, ground safety, equipment, etc., by means of airlift, airdrop, or other emergency means. In many instances, authorized representatives of the requesting agency are not at the disaster scene to certify delivery, performance, etc. Therefore, the agreements should provide that claims for costs of such supplies and services, as well as incidental costs, are valid and will constitute proper claims for reimbursement.

Section 7G—Disaster Relief in Foreign Countries

7.38. Overview. The Department of State, including the Agency for International Development (AID), determines when emergency foreign disaster relief is to be provided as a humanitarian

service, consistent with United States foreign policy goals. The Department of State delegates authority to the chiefs of diplomatic missions to obligate up to \$25,000 for each disaster emergency. It also provides timely information to the Office of Assistant Secretary of Defense, International Security Affairs (OASD/ISA) for requirements of specific disaster relief operations. OASD/ISA informs the DoD Comptroller (OUSD(C)) of the contemplated use of funds or resources for foreign disaster relief operations. Based on this information, OUSD(C) initiates appropriate financial or funding actions.

7.39. Air Force Guidance. Subject to overriding military mission requirements, MAJCOMs and operating units must respond rapidly to requests for assistance in specific foreign disaster relief operations received from United States diplomatic missions, Department of State/U.S. Agency for International Development (USAID), orders from Joint Chiefs of Staff (JCS), unified or specified commands, or from HQ USAF.

7.39.1. The Chief of the Diplomatic Mission or the Department of State/USAID must specify in advance the amount of funds authorized for expenditure for foreign disaster relief. Air Force activities can not exceed this specified amount unless the Department of State/USAID authorizes an additional amount.

7.39.2. Air Force activities should undertake disaster relief operations expected to involve reimbursable costs that are not to be funded from, or which will exceed, the \$25,000 available to the Chief of the Diplomatic Mission **only** after Department of State/USAID furnishes OASD(ISA) the appropriate authorization for the funds required.

7.39.3. But, an Air Force installation commander in the area of a foreign disaster undertakes prompt relief operations when humanitarian or mercy considerations make it advisable. Such disaster relief operations must be on the basis of the minimum essential required to preclude embarrassment to the United States. If such occurs, installation commanders must immediately advise the appropriate unified commander and MAJCOM of the action taken and request further guidance.

7.40. Funding Procedures. Air Force execution plans and appropriations do not provide for foreign disaster relief operations. Therefore, costs incurred by Air Force activities to support disaster relief operations are reimbursable from the Department of State or USAID. SAF/FMB may establish an ESP code to identify these costs. If you incur costs before then, set up an interim MAJCOM or installation ESP code (see **Chapter 4, paragraph 4.12**).

7.40.1. Reimbursable Expenses.

7.40.1.1. Reimbursable expenses include, but are not limited to:

7.40.1.1.1. Pay of all regular employed civilian personnel, both United States citizens and foreign nationals, who take part in the relief operation. For United States citizen personnel, compute costs on basic salary plus appropriate percent (DFAS-DE 7010.5-R) to cover holidays, leave, and other benefits. For foreign national personnel, compute on the basis of total cost to the United States.

7.40.1.1.2. All costs of additional civilian personnel employed specifically for the operation.

7.40.1.1.3. Overtime pay of all civilian personnel attributable to participation in the operation.

7.40.1.1.4. Actual per diem, travel, and subsistence expenses for both military and civilian personnel.

7.40.1.1.5. Pay and allowances of all military personnel participating in the relief operations (see [Chapter 5, paragraph 5.4.4](#)).

7.40.1.1.6. Supplies and equipment from stock or special one-time purchases using standard prices used for issue to DoD activities, plus applicable accessorial costs for packing, crating, handling, and transportation.

7.40.1.1.7. Transportation of personnel, equipment, and supplies.

7.40.1.1.8. Accessorial costs and transportation cost associated with transferring excess items to Department of State/USAID without reimbursement for the actual items transferred.

7.40.1.1.9. Packing, crating, and handling of equipment and supplies at actual cost.

7.40.1.1.10. Use of equipment on a rate per mile or similar factor determined from the latest cost reports. The cost of equipment loaned and not returned is reimbursable. The cost of returned equipment in damaged condition is chargeable at repair cost. Consider the cost of processing equipment in and out of storage as well as maintenance requirements upon return of the equipment.

7.40.1.1.11. Use of military aircraft is chargeable on the basis of hours flown as provided in applicable instructions. Rates include reimbursement for aircraft use, including normal crew per diem, fuel and oil, maintenance (including local purchase of spare parts and depot maintenance), and aircraft attrition. Additional expenses, such as for deicing, landing fees, parking fees, and other like expenses must be separately computed because they are not included in hourly rates.

7.40.1.2. Price all other services or support rendered not specifically covered in [paragraph 7.40.1](#) above on a mutually agreed to basis. When feasible, establish such prices before giving the support. Use prices charged other United States government agencies for similar services, if these rates are available. Otherwise, compute prices to fully reimburse Air Force appropriations for “out-of pocket” expenses.

7.40.2. Non-reimbursable expenses are normally limited to materials, supplies, and equipment determined to be excess and transferred to the Department of State/USAID. Accessorial costs and transportation associated with transferring excess property are reimbursable.

7.40.3. **Billing Procedures.** Follow DFAS-DE 7010.5-R.

7.41. Documentation Requirements. Installation FSOs/FMA participating in disaster relief operations must obtain documentation to support billings, set up accounts receivable, and obtain reimbursement. Consider using daily cost progress reports because of the expenditure limitations described in [paragraph 7.39](#). Keep statistical data on military personnel expenses and other non-reimbursable costs for informational and historical purposes.

Section 7H—International Military Activities

7.42. Overview:

7.42.1. This section contains Air Force guidance and responsibilities for budgeting and funding in support of international military headquarters (per DoD FMR 7000.14-R Volume 11A, Chapter 9) and other international military agencies of the North Atlantic Treaty Organization (NATO), as referred to in **paragraph 7.43**. It applies to all Air Force activities that carry out responsibilities supporting the international military activities listed in **paragraph 7.43**.

7.42.2. DoD directives establish the responsibility and methods for providing budgetary, financial, logistical, and administrative support to international military headquarters and other international military administrative activities. Basic authority and limitations are in 22 U.S.C. 315 and in section 102(a) of Executive Order (EO) 10893.

7.42.3. The appropriate organization at each Air Force echelon that performs budgetary and funding functions will enforce the provisions of this chapter. This includes:

7.42.3.1. Continental United States (CONUS) MAJCOMs for supporting international military organizations or headquarters located within CONUS.

7.42.3.2. HQ USAFE for Air Force support to international headquarters or agencies within the geographical boundaries of USEUCOM.

7.43. Responsibility for National Support:

7.43.1. DoD assigned the agencies shown in **Figure 7.2** as the administrative agents for performing budgetary, financial, logistical, and administrative support of the national cost of United States military elements of the listed headquarters and agencies. Support these United States elements according to Air Force standards and directives. **NOTE:** "United States Military Elements" include US military organizations on duty with and for the benefit of an international activity. These may be:

7.43.1.1. Table of organization (Army), or Air Force and Navy equivalent.

7.43.1.2. Table of distribution (Army), or Air Force and Navy equivalent.

7.43.2. **Paragraph 7.49.2** lists national costs. Such costs exclude the items provided under the international budget. The nation providing the personnel, materiel, or services from which the cost arises will bear these costs.

7.43.2.1. Finance national costs of the United States elements from the O&M appropriation except for:

7.43.2.1.1. Personally assigned equipment provided by individual United States military departments. Note: "Personally Assigned Equipment" includes any article assigned to an individual by name, for his or her exclusive use, and which moves with that individual. Excludes items assigned for exclusive use of an individual which attach to the functions of his or her office and which are included in appropriate organizational or other entitlement documents.

7.43.2.1.2. Military pay and allowances, individual clothing, return PCS, welfare and morale supplies, chaplain services and supplies, expenses of military discipline, medals, awards, insurance premiums, interest, and death gratuities.

7.43.2.2. The US administrative agent funds and pays for unilateral costs for United States elements to NATO military headquarters and agencies.

7.43.3. Administrative agent budgetary responsibilities include:

7.43.3.1. Determining national requirements for United States elements of international headquarters.

7.43.3.2. Budgeting for these national requirements. United States military elements entitled to non-reimbursable support by the administrative agent are limited to those which have been included in the approved staffing of the international headquarters or agency concerned.

7.43.3.3. Furnishing complete logistical support for the United States element assigned. This includes complete supply support for consumable and nonconsumable materiel with initial or replacement equipment provided on the following basis:

7.43.3.3.1. Table of organization or equivalent type units:

7.43.3.3.1.1. The assigning service makes initial issuances.

7.43.3.3.1.2. The United States administrative agent provides replacement issues, obtaining peculiar items where necessary from supply systems of assigning service on a reimbursable basis.

7.43.3.3.2. Table of distribution or equivalent type units:

7.43.3.3.2.1. The administrative agent makes initial and replacement issues.

7.43.3.3.2.2. Entitlements are in accordance with standards and procedures of the executive agent.

7.43.4. Administrative agent budgetary responsibilities exclude:

7.43.4.1. The United States share in international funds. The Secretary of Defense provides the United States contributions for internationally budgeted support requirements of the individual military activities referred to in [7.43.1](#) above. (See [paragraph 7.49.1](#) for internationally budgeted costs.)

7.43.4.2. The costs of military personnel which will be the budgetary responsibility of each military department for its own military personnel.

7.43.4.3. Personally assigned equipment provided by the assigning service.

Figure 7.2. Administrative Agents for National Support.

Headquarters or Agency	Administrative Agent*
1. NATO Military Committee Agencies	
a. International Military Staff (IMS) to include Integrated Military Committee Agencies (Allied Long Lines Agency (ALLA), Allied Communications Security Agency (ACSA), and Allied Radio Frequency Agency (ARFA)	Department of Army
b. NATO Defense College	
c. Advisory Group for Aerospace Research and Development	Department of Army
d. European Distribution and Accounting Agency	Department of Air Force
e. Allied Naval Communications Agency	

Headquarters or Agency	Administrative Agent*
f. Military Agency for Standardization	Department of Navy
2. NATO Production and Logistics Agencies including Central European Operating Agency, NATO Maintenance Supply Agency and Supply Center, NATO Air Defense Ground Environment Management Office, and NATO Integrated Communications System Management Agency	Department of Army
3. Allied Command Europe	
a. Supreme Headquarters Allied Powers Europe	
b. SHAPE Technical Center	
c. HQ Allied Forces Northern Europe and Headquarters Subordinate Thereto	
d. HQ Allied Forces Central Europe and Headquarters Subordinate Thereto, except Allied Air Forces Central Europe, 2nd and 4th ATAF	Department of Army; Department of Air Force
e. Allied Air forces Central Europe	Department of Air Force
f. 2nd Allied Tactical Air Force (ATAF)	
g. 4th Allied Tactical Air Force (ATAF)	Department of Navy
h. HQ Allied Forces Southern Europe and Headquarters Subordinate Thereto, except HQ Allied Land Forces Southeast Europe, HQ Allied Land Forces Southern Europe, 5th and 6th ATAF	Department of Air Force
i. HQ Allied Land Forces Southern Europe	Department of Air Force
j. HQ Allied Land Forces Southeast Europe	Department of Air Force
k. 5th Allied Tactical Air Force (ATAF)	Department of Navy
l. 6th Allied Tactical Air Force (ATAF)	
4. Supreme Allied Commander Atlantic and Headquarters Subordinate Thereto	Department of Army ; Department of Air Force
5. Satellite Communications System Ground Terminal, Norfolk, VA	Department of Army; Department of Air Force; Department of Navy
*The Secretary of the military department charged with determining United States national requirements and providing logistical and administrative support to a United States element in a specific area.	

7.44. Cross-Servicing. In carrying out the responsibilities indicated above, the designated administrative agent will use interservice support to the maximum extent possible. Such interservice support will be on a cross-servicing basis. Do not establish support activity where such support can be rendered by an agency at an existing facility in the same general geographical area or where the service can be economically performed from indigenous sources. In areas where a unified command exercises jurisdiction, the unified command coordinates with activities of the administrative agents concerned.

7.45. Reimbursable Support:

7.45.1. The appropriate administrative agent is responsible for providing services (other than personal) or materiel to international military organizations, headquarters, or agencies, on an

outright sale or lease basis. Limit the services and materiel to those normally used by United States forces and available to the administrative agent from overseas or domestic United States military sources, including those of other military departments. In order to ascertain the impact that international requests may have on its logistics operations, the administrative agent may coordinate directly with the international customer to obtain:

7.45.1.1. Estimated United States fiscal year logistical support requirements.

7.45.1.2. Estimated breakdown of requirements to indicate support which will be requested either on an outright sale or lease basis.

7.45.2. The administrative agent should obtain written understanding regarding the items it will furnish under an outright sale or lease arrangement. Include a statement as to the agreed sale or rental value of the item and the approval of appropriate higher authority in the international organization.

7.45.3. Except for organizational equipment of United States support units (which is desired for return to the United States), the administrative agent should encourage the international customer to purchase, rather than lease, the requisitioned materiel. If the life expectancy of the item is less than 3 years, or has a value less than \$5,000, furnish it only under outright sales arrangement.

7.45.4. For items priced \$5,000 or more furnished under lease arrangements, charge rent on an indefinite basis according to **paragraph 7.47**.

7.45.5. OSD will reimburse the appropriate military department in full for support furnished on an outright sale basis, as well as for annual rental of leased equipment.

7.45.6. Make invoices for reimbursable issues on the basis of constructive delivery. When a military department other than that of the administrative agent supplies the international customer's requirement, the supplying department must bill the administrative agent on SF 1080 and be reimbursed without delay by the administrative agent. Subsequently, the administrative agent must obtain reimbursement under **paragraph 7.46**.

7.46. Reimbursement Procedure:

7.46.1. The military department furnishing the materiel or services for which a reimbursement is due will originate an SF 1080, billing OSD, **except** as noted in **paragraph 7.46.3** below.

7.46.2. The Comptroller of Supreme Headquarters Allied Powers Europe (SHAPE) or the international organization concerned, after reviewing his or her copies of the SF 1080A, must notify OSD that the charge has been accepted and credit has been given to the United States government on the offset accounts for the amount approved. OSD will then execute and return the SF 1080, *Vouchers for Transfers Between Appropriations and/or Funds*, to the billing office for payment and reimbursement.

7.46.3. **EXCEPTION:** When furnishing materiel or services on a reimbursable basis to international military organizations or headquarters located in the CONUS and to which contributions are made in U.S. dollars for use in their normal operations, the military department furnishing the materiel or services will bill the international military organization, headquarters, or agency directly and obtain immediate reimbursement in U.S. dollars.

7.47. DoD Guidance. DoD established specific guidance for reimbursable support provided international military headquarters and other international agencies:

7.47.1. Pricing Guidance and Accessorial Charges. See AFMAN 23-110 and section C, Chapter 5 of AFI 65-601.

7.47.2. Leasing Guidance:

7.47.2.1. Determine the annual lease rental price as follows:

7.47.2.1.1. Price of equipment computed according to pricing guidance, plus accessorial charges divided by service life.

7.47.2.1.2. Items priced at \$5,000 or more: estimated service life following instructions of the administrative agent (including obsolescence considerations for specialized types of equipment). When life expectancy of the item is less than 3 years, furnish it only under a sales agreement.

7.47.2.1.3. Pay equipment rental semiannually.

7.47.2.2. Leases must contain provisions requiring the international headquarters or agency to assume all responsibility for liability suits resulting from international use of the property brought against the United States government by reason of the fact that the title to lease equipment is vested in the United States.

7.47.2.3. Prepare equipment leases following departmental guidance of the administrative agent. (Note: establish a separate charge for the cost of all maintenance of leased equipment. This guidance also applies to equipment transferred under an outright or deferred sale arrangement.)

7.47.3. Services:

7.47.3.1. Price personal services at actual cost. For United States civilian employees, this is the cost of direct labor, plus appropriate percent (per DFAS-DE 7010.5-R) of direct labor to cover annual leave, holidays, sick leave, and contributions for group life insurance, civil service retirement, and health benefits. For indigenous employees, compute total cost to the United States. Civilian housing allowances in overseas areas are reimbursable at actual cost of current established rates.

7.47.3.2. Charge for utility services at actual cost.

7.47.3.3. Charge for transportation services on the basis of one of the following: actual cost; application of accessorial percentage appropriate to the area in which the transportation is furnished; Air Mobility Command (AMC) or Military Sealift Command (MSC) tariff rates under the DWCF.

7.47.3.4. Service contract charges will include replacement factors based on average service life, costs for field maintenance, and accessorial charges where appropriate. Initial charges under a service contract must have the concurrence of the appropriate international comptroller.

7.48. Paying United States Personnel:

7.48.1. Civilian employees of the United States government assigned or detailed to organizations listed in [paragraph 7.50](#) retain their status as federal employees. Pay them from federal funds (usually, O&M) using the federal pay and allowance scale.

7.48.2. If a United States military member fills the civilian position, budget and report as follows:

7.48.2.1. Charge the military incumbent charge to the military personnel ceiling of the appropriate military department.

7.48.2.2. Pay and allowances are at United States scales and are the responsibility of the individual's military service.

7.48.3. The DoD Regional Office will periodically check the validity of amounts credited to the United States for pay and allowances of referenced organizations. NATO auditors provide a double verification during each annual audit.

7.49. Costs Included and Excluded from International Budgets. International military headquarters and agencies approved for international financial support may include in their international budget items shown in [paragraph 7.48.1](#) and must exclude items shown in [paragraph 7.49.2](#) (national budget costs).

7.49.1. The international budget (costs that are normally part of the international budget on the basis of international agreements and understandings) includes the following types of costs, (except for exclusions in the following subparagraphs). This list, while comprehensive, is not necessarily complete. It illustrates the costs accepted by the NATO Military Budget Committee as an international charge. Consult the comptroller of the international headquarters or agency concerned and the United States representative if you have doubts regarding whether or not the cost of any article or service is a proper international charge:

7.49.1.1. **Civilian Personnel, Administrative Staff.** Pay and authorized allowances of personnel employed by an international headquarters for performing international functions, including secretarial, clerical, or technical assistance. For United States military members and civilian personnel, see [paragraph 7.48](#)

7.49.1.2. **Civilian Personnel, Operational Staff.** Pay and authorized allowances of personnel locally hired for custodial, industrial, or operational purposes. This includes upkeep of the premises and fixed or movable equipment used by the headquarters or its support units, supervision or operation of headquarters fixed and movable equipment other than office equipment, and operation of headquarters enlisted personnel mess facilities.

7.49.1.3. Rental of office space, barracks, warehouses, and other commercial type buildings including taxes; cost of utilities, liquid and solid fuels, sewage and garbage disposal service; supplies and materiel for janitorial and hygienic services (national support unit barracks excluded); and supplies, materiel, and contractual expenses for maintenance, repair, and minor alterations to buildings and facilities, including replacement of minor installations and fixed equipment when damaged or worn beyond repair.

7.49.1.4. **Operation of General Services.** Stationary and general office supplies for the headquarters and all units assigned in direct support; rental of office equipment required to supplement available equipment according to internationally approved standards; printing, binding, and reproduction; purchase of maps, charts, and terrain models for peacetime use; newspapers, periodicals, and library supplies; photo supplies and photographic processing; and drugs and other expendable medical supplies for first aid stations.

7.49.1.5. **Communications.** Procuring and installing switchboards, radio transmitters and receivers, telephone exchanges, and mobile communications equipment including related sign vehicles; rental of commercial type equipment for additional requirements; repair and maintenance of communications equipment, including supplies and spare parts; cost of commercial communications, including installation and reinstallation charges for leased or other use of local, national, and international telephone, telegraph, and teletype circuits; and postage, and postal fees.

7.49.1.6. **Transportation.** Rental or purchase of passenger and cargo vehicles; POL products for such vehicles and other equipment used in direct support of international headquarters; supplies and spares required for organizational maintenance of vehicles and related equipment; commercial freight, local hauling, and express charges for internationally procured supply and equipment items including shipping charges for contributions in kind from member nations to place of receipt.

7.49.1.7. **Travel of United States International Staff:**

7.49.1.7.1. **Civilian Personnel.** Commercial transportation and per diem costs of temporary duty travel on official business.

7.49.1.7.2. **United States Military Personnel.** When traveling on official business incident to their assignment to an international staff (and in compliance with orders issued by an international headquarters authorized to issue travel orders directing payment be charged to international funds), costs of such travel are properly payable as follows:

7.49.1.7.3. From international funds if the international organization issuing orders has been accepted by the North Atlantic Council or other similar international body for international funding. Cost of transportation furnished by a common carrier to include taxi fares and costs of transportation when travel is performed by privately owned conveyances. The latter only under previously approved conditions.

7.49.1.7.4. From United States appropriated funds. Per diem and other authorized expenses applicable to federal travel regulations.

7.49.1.8. **Exercises and Maneuvers.** Where directly related to the Allied command training exercises; expenditure for commercial communication services and facilities provided solely to fill a requirement of the exercise on behalf of the participating nations as a whole; civilian labor hired in connection with exercises by the inter-allied headquarters not specifically for any one nation; temporary installations for inter-allied field headquarters not available from organic equipment of participating troops or the headquarters and not properly chargeable to the host nation; rental of additional commercial transportation required at inter-allied headquarters for exercise; utilities costs

for inter-allied headquarters if at a place other than an existing military post; and costs of reproduction of photographs, film strips, etc., required by the directing staff for subsequent international training or critique purposes, when source of production is other than by a military unit.

7.49.1.9. **Hospitality.** Representational and hospitality expenses of the supreme commanders for international purposes.

7.49.1.10. **Contingencies.** Claims for losses by fire, theft and other damages. Also, costs to employ legal representation in civil court actions.

7.49.1.11. **Construction.** Design and new construction of buildings and facilities (including housing, structures, and utilities) and modification and alteration of existing buildings and facilities (including fixed equipment sewage, gas, water, and electrical supply systems, roads, and approaches).

7.49.1.12. **Furniture and Equipment.** Office furniture and equipment procured within internationally approved standards for the direct support of international headquarters and agency activities, and equipment for maintenance of kitchens, shops, heating and electrical plants; furniture used in barracks, messes, recreation rooms, and dining rooms and clubs.

7.49.2. The following costs are not part of the international budget. The nation providing the personnel, materiel, or services from which the costs arise will budget for these costs. (Note: these are called “National Budget Costs”, and are not usually part of the international budget.)

7.49.2.1. **Personnel Support:**

7.49.2.1.1. Military personnel, pay and allowances (including subsistence); individual clothing and equipment; permanent change of station travel and transportation; and retirement benefits.

7.49.2.1.2. All civilian personnel expenses other than those specified in paragraph [7.55](#) and this paragraph.

7.49.2.1.3. Per diem of United States military members on international staffs in connection with temporary duty travel; transportation costs when such temporary duty travel is exclusively in the interest of the United States or when the headquarters or agency of assignment has not been accepted for international funding.

7.49.2.2. Support of all personnel not regularly appointed or assigned to the military headquarters or agency.

7.49.2.3. Provision of existing unoccupied government-owned structure for full or partial use by the military headquarters or agency (except for nominal symbolic rent necessary to protect national title and any additional costs incurred in making the accommodations available to the military headquarters or agency).

7.49.2.4. Other national fixed facilities to be made available to the military headquarters or agency by each country within its territory on the same basis that such national facilities are made available to its own military forces.

7.49.2.5. Medical services for military personnel or civilian employees of the military headquarters or agency. (The cost of supplies for a small international first aid center will be an international charge.)

7.49.2.6. Transportation costs and travel expenses of personnel of support units of a United States element, but not part of the international organization.

7.49.2.7. Bedding for military support personnel in barracks (blankets and sheets). Pillows, pillowcases, and mattress covers are an international expense.

7.49.2.8. Barracks cleaning materials and sanitary supplies (soap, brooms, brushes, disinfectants, toilet tissue, etc.) for barracks and other associated buildings occupied by national troops other than support units.

7.49.2.9. The cost of leases of real property entered into between the United States and private property owners in support of United States requirements.

7.49.2.10. Housing. Operation and maintenance expenses of housing occupied by non-United States military members who are assigned for duty with International Military Headquarters (IMH) is an expense chargeable to the country providing the personnel. When the Air Force furnishes quarters, determine actual costs under Memorandums of Understanding negotiated by United States Air Forces in Europe (USAFE) and each IMH.

Section 7I—Use of Air Force Research and Test Facilities

7.50. Overview. This section prescribes funding procedures for using Air Force research and test facilities. See [paragraph 7.51](#) for budget and funding responsibilities for the Air Force Research Laboratory (AFRL). See AFI 99-103 and [paragraph 7.52](#). for guidance on major ranges and test facilities.

7.51. Budgeting and Funding of the Air Force Research Laboratory (AFRL):

7.51.1. AFMC budgets and funds for the costs to develop, operate, and maintain AFRL in support of assigned development programs and associated test workload.

7.51.2. The users of AFRL, as identified in [paragraph 7.50](#), budget and fund for reimbursable costs incurred by AFMC in supporting user workloads according to the following criteria.

7.51.2.1. Air Force organizations reimburse the performing Air Force Research Laboratory (AFRL) technical directorates for all RDT&E direct costs incurred in support of user workload, excluding military labor, which are directly attributable to direct job (customer) orders. In addition, AFRL technology directorates will reallocate funds and also charge to its internal Advanced Technology Development program non-military indirect and overhead costs related to the program.

7.51.3. Direct costs are those expenses that can reasonably, economically, and consistently be immediately and directly identified to a customer (user) program or project and are documented on a job order. Direct costs may derive from contractor support or work performed in-house. Direct costs subject to reimbursement normally include, but are not necessarily limited to:

- 7.51.3.1. Military labor costed at standard rates. (**NOTE:** Military labor is not reimbursable from DoD users).
- 7.51.3.2. Civilian labor costs including the costs of related personnel benefits.
- 7.51.3.3. Materiel, supplies, and utilities.
- 7.51.3.4. Equipment and its maintenance and repair due to usage. Installation of equipment and its removal, if it has no further base or factory use after the job order is completed.
- 7.51.3.5. Miscellaneous contractual services, including T&E activity operation and maintenance contractual services.
- 7.51.3.6. Printing, photos, and reproduction.
- 7.51.3.7. Maintenance and depot level repairable costs of test support aircraft and ground support equipment to include a pro rata share of depot level maintenance.
- 7.51.3.8. Travel and per diem to support customer user programs, after acceptance of a job order.
- 7.51.3.9. Transportation and cost of supplies and equipment or other material identified as direct costs.
- 7.51.3.10. Civil engineering work requirements established by a customer.
- 7.51.3.11. Facility operations when the entire facility is dedicated to a specific user.
- 7.51.3.12. Real property leases dedicated to a customer program.
- 7.51.3.13. Automated data processing equipment (ADPE) support, including prorated rental and maintenance charges, billed to customers through product service rates.
- 7.51.3.14. Additional communications, special electric power, or similar requirements.
- 7.51.4. Other DoD components reimburse performing the AFRL for all direct and indirect costs incurred in support of user workload, excluding military labor.
- 7.51.5. United States government agencies, other than DoD components, reimburse performing AFRL technical directorates for all direct and indirect costs incurred, including military labor.
- 7.51.6. State and local government agencies, United States domestic commercial users and foreign governments reimburse performing AFRL technical directorates for all direct and indirect costs incurred, including military labor and full user charges according to DoD FMR 7000.14-R, Volume 11A, Chapters 1 and 4.
- 7.51.7. Where mutual benefit exists and joint participation is desirable, share total direct costs in direct ratio to the amount of benefit received by each participant, subject to negotiation between the laboratory and the user on a case-by-case basis.
- 7.51.8. Directors of AFRL technical directorates may waive reimbursement from Air Force customers up to \$20,000 on a case-by-case basis. This permits the laboratory directors to provide informal support, to assist O&M-funded commanders in performing vital Air Force activities (for example, accident investigation, assistance with an engine problem, analysis of a structural problem, etc.). Generally, informal support is effort the laboratory may provide

on a quick-reaction basis to an Air Force customer who has not had an opportunity to program and budget for the requirement, in contrast to formal support, which is more long-term in nature and which the customer usually programs and budgets.

7.52. Funding Responsibilities for Designated Major Range and Test Facility Base (MRFTB) Activities. This section establishes the framework for Air Force activities to uniformly and consistently charge customers for materials and services. The Secretary of Defense designates the following Air Force activities as DoD major ranges and test facilities (see AFI 99-103):

Table 7.2. Major Ranges and Test Facilities.

45th Space Wing (Air Force Space Command Eastern Range), Patrick AFB
30th Space Wing (Air Force Space Command Western Range), Vandenberg AFB
Arnold Engineering Development Center (AEDC), Arnold AFB
Air Force Flight Test Center (AFFTC), Edwards AFB
Utah Test and Training Range (UTTR), at Hill AFB
46 Test Wing, Eglin AFB– Includes 46 Test Group (Holloman AFB)
Nevada Test and Training Range (NTTR) at Nellis AFB

7.52.1. Effective beginning 1 October 2005 (FY 2006), and in accordance with Section 232 of the FY 2003 National Defense Authorization Act (NDAA), the institutional and overhead costs of facilities or resources within Major Range and Test Facility Base (MRTFB) program areas are to be funded through the major test and evaluation type/related budget accounts. MRTFB activities listed in Table 7.2 shall be funded in a uniform manner. The categories of goods and services charged to the MRTFB customers shall be applied consistently among all the MRTFB activities. MRTFB activities will establish procedures to ensure costs are uniformly and consistently charged to customers in accordance with this instruction.

7.52.2. MRTFB Funding. MRTFB activities are funded with institutional funds, Direct Budget Authority (DBA) and customer funds, Reimbursable Authority (RBA). The type of customer determines the level of RBA charged to the customer and whether they are charged only direct costs or direct costs plus a level of indirect costs. The following describes the types of costs included in the direct and indirect costs categories:

7.52.2.1. Direct Costs: Those costs that are directly attributable to the use of the facility or resource for testing under a particular program, over and above the institutional (appropriated) and overhead (indirect) costs with respect to the facility or resource.

7.52.2.1.1. Examples of chargeable direct costs include labor, material, utilities, equipment, supplies, items damaged or consumed during testing, specific calibration of instrumentation when part of a range operation supporting a specific customer, maintenance, and operational costs directly attributable to a specific program.

7.52.2.1.2. By mutual agreement, investments in new or existing T&E facilities may be funded, in whole or in part, by one or more DoD customers of a MRTFB activity. This agreement must delineate responsibilities for funding, staffing, operating, and

maintaining the facility and must be approved by all parties prior to obligation of any funds for the project.

7.52.2.2. Indirect Costs: The costs of maintaining, operating, upgrading and modernizing the facility or resource are indirect costs.

7.52.2.2.1. Examples of indirect costs include time-based preventative maintenance and maintenance due to usage, the costs of leases except when the cost of said lease can be directly associated with a specific customer, operating, upgrading, and modernizing the facility or resource, general calibration of instrumentation, maintenance and repair of shop machinery, replacement of obsolete components, and purchase of spares.

7.52.3. Institutionally funded (appropriated) and Overhead (indirect) costs will not be charged to DoD Component users, and will remain as costs fully borne by the Institutionally funded program element accounts comprising the MRTFB structure. Institutional and Overhead costs are defined as the jointly or commonly used costs of maintaining, operating, upgrading, and modernizing the facility or resource. Overhead (indirect) costs will not include any incremental cost directly attributable to the use of the facility or resource for testing under a particular program.

7.52.4. **DoD Component Users.** DoD customers shall reimburse MRTFB activities for direct costs readily identifiable to use of the facility or resource for testing under a particular program, over and above the institutional and overhead costs with respect to the facility or resource.

7.52.5. **Non-DoD Component Users.** This includes Federal, State or Local Government agencies, allied foreign governments, defense contractors, and when authorized, private organizations and U.S. commercial enterprise customers. MRTFB commanders shall charge all direct costs associated with a customer's order. Chargeable direct costs include labor, material, facilities, minor construction specifically performed for the customer, utilities, equipment, supplies and other resources damaged or consumed during testing or maintained for a particular user. Chargeable direct cost incurred by non-Working Capital Fund activities for other than DoD Components shall include all military personnel costs associated with a customer order.

7.52.5.1. MRTFB commanders may charge indirect costs at their discretion. Any indirect costs incurred, but not billed to a customer, shall be billed to the activity's institutional funds. Institutional funding levels, however, shall not be increased to finance any additional indirect cost incurred due to sales to non-DoD activities.

7.52.5.1.1. The commander of the MRTFB activity has been delegated the authority to determine appropriateness of the amount of indirect costs included in such a contract provision. Neither military retirement, unfunded civilian retirement, asset capitalization, nor depreciation shall be charged to the commercial customer. However, there are three exceptions to using provisions under P.L. 103-160.

7.52.5.1.2. First, commercial space launch activity at the 30th and 45th Space Wings will be priced under provisions of the Commercial Launch Act of 1984 (amended in 1988 and 1991).

7.52.5.1.3. Second, when the use of a T&E activity has been included in a contractual agreement with a commercial user as government-furnished services, the commercial user will be charged based on the category of the contractual federal agency (DoD FMR 7000.14-R, Volume 11A, Chapter 12).

7.52.5.1.4. Third, foreign governments will be billed full cost, unless a government agreement is in force (treaty, foreign military sales agreement, or other negotiated agreement). Reimbursable orders will indicate if the test effort is in support of FMS. Commercial users will meet the intent of the requirements in support of non-government test and evaluation. In some cases the direction in Domestic Technology Transfer may apply.

7.52.6. Satisfy these criteria before using standard rates: (Note: “standard rates” are computed cost rates that are set up for products and services and used to determine charges to the job order. By definition, standard rates are a proration of direct costs across the base to which they are applied. They are average costs that can be used in estimating and charging, and the use of such rates is encouraged).

7.52.6.1. The rates must be applicable to the product or service. Costs of products and services that drastically change, or volume that cannot be easily identified will not be considered for standard rate computation.

7.52.6.2. Major range and test facilities must use an approved accounting system or procedure to accumulate historical standard rate data providing for an audit trail.

7.52.6.3. Major range and test facilities must validate standard rates at least annually. Adjust the rate if a rate cannot be validated within plus or minus five percent.

Section 7J—Support of Civil Disturbances

7.53. Funding Guidance:

7.53.1. Follow this section when using military resources in civil disturbance control operations in the CONUS. Guidance for civil disturbance control operations in Alaska, Hawaii, and the territories and possessions of the United States is a responsibility of the commander of the unified command for the area involved. See USAF OPLAN 355-10.

7.53.2. Air Force support provided in civil disturbance control operations will be on a reimbursable basis. The supporting Air Force activity will initially finance the cost involved from available resources.

7.53.3. Reimbursable costs are those costs that would otherwise not have been incurred, that is, costs in excess of normal operating expenses.

7.53.4. When applicable, civilian personnel services are reimbursable based on direct labor costs plus appropriate percent (per DFAS-DE 7010.5-R) for accrued leave and fringe benefits, additional hires, and overtime costs.

7.53.5. Loan of protective items is on a reclaimable basis. The Air Force activity must request reimbursement for non-consumable Air Force property lost, damaged, or destroyed. In case of damaged property, reimbursement will be for reduced utility value. The lending agency determines reduced utility value.

7.53.6. Usually, Air Force activities providing support for the civil disturbance control operation must absorb such costs initially within existing fund availability.

Section 7K—Support of Civil Authorities in Airplane Hijacking Emergencies

7.54. Funding Guidance. It is DoD guidance to commit military resources in a support capacity to other federal agencies in connection with airplane hijacking emergencies. Follow this guidance:

7.54.1. Reimbursement is required for expenses incident to chase aircraft.

7.54.2. Cost of other support, including use of transport aircraft, helicopters, flares, parachutes, and communication equipment is also on a reimbursable basis. This includes cost of repairing or reconditioning non-consumable equipment that may be returned.

7.54.3. Use MAJCOM or installation level ESP codes to identify these costs (see [Chapter 4 paragraph 4.12](#)).

7.54.4. Bill the agencies requesting the service according to DFAS-DE 7010.5-R.

Section 7L—Support of the United States Secret Service

7.55. Statutory Basis and Implementing Directives:

7.55.1. Public Laws 90-331 and 94-524 are the statutory basis for DoD support related to United States Secret Service protective responsibilities. The Presidential Protection Act of 1976 (18 U.S.C. 3056), Public Law 94-524, is an express exception to the Posse Comitatus Act of 1976 (18 U.S.C. 1385).

7.55.2. DoD Directive 3025.13, *Employment of DoD Capabilities in Support of the U.S. Secret Service (USSS), Department of Homeland Security (DHS)*, details types of support and the procedures to be used within DoD for support requested by the Secret Service. See DFAS-DE 7010.1-R and DFAS-DE 7010.5-R for specific accounting and reporting instructions.

7.56. Funding Guidance:

7.56.1. Public Law 94-524 authorizes OSD support, on request by the Secret Service, to protect the President, Vice President, or other offices immediately next in order of succession to the Office of the President. The Air Force provides temporary support on a non-reimbursable basis, and permanent support on a reimbursable basis (see DFAS-DE 7010.5-R) for any Secret Service designated protectee.)

7.56.2. Public Law 90-331, coupled with Public Law 94-524, Section 8, is the statutory basis for support to the Secret Service in protection of Presidential and Vice-Presidential candidates. This type of support is reimbursable, including temporary support, when requested by the Secret Service.

Section 7M—Joint-Use Facilities

7.57. Overview. This section provides uniform guidance on programming and financing joint-use facilities at military installations. It implements DoD FMR 7000.14-R, Volume 2B, Chapter 6, Paragraph 060301 B.9. Apply these procedures when:

7.57.1. Two or more DoD components jointly use any DoD installation and military construction is required.

7.57.2. Any military department uses facilities on DoD installations controlled by another department.

7.57.3. Military departments and defense agencies occupy DoD installations under host-tenant relationships.

7.57.4. Two or more DoD components directly or uniquely benefit from the provision of facilities in support of programs and operations (common-purpose facilities).

7.58. Responsibilities for Military Construction. Program and finance military construction as follows:

7.58.1. **Single-use Facilities.** The DoD component requiring military construction solely for its own use will program, obtain authorization when necessary, and finance the work involved.

7.58.2. **Joint-use Facilities.** The military department which has jurisdiction over the host command will program, obtain authorization when necessary, and finance military construction which is planned for the joint use or joint occupancy of two or more DoD components.

7.58.3. **Common-purpose Facilities.** The individual military departments, on a case-by-case basis, function as executive agents (i.e., Air Force for CENTCOM) for programs whose output directly and uniquely operate to the benefit of two or more DoD components.

7.58.3.1. The affected DoD components sponsor requests for appropriate dedicated facilities for inclusion in the “Military Construction Defense Agencies” program upon assignment or assumption of executive agency responsibility.

7.58.3.2. The executive agent is responsible for: planning and programming all facilities; preparation of justification materials for incorporation in the Defense Agency books to be submitted to congressional committees; providing the lead witness for testimony before congressional committees; and military construction through use of the appropriate government construction agency upon receipt of authorization and funding.

7.58.4. **Required Facilities.** The host military department programs, obtains authorization, and finances an extension, expansion, and/or increase of the capacity in the main utilities and communications or transportation systems in general accordance with the master plan of the installation, to support any required facilities, including those required by a tenant.

7.58.4.1. The Secretary of Defense must approve deviations from this procedure for circumstances involving unusual conditions.

7.58.4.2. The DoD components requiring the facility will program, obtain authorization, and finance transportation systems, communications, connecting utilities as an integral part of any single-use or common-purpose facility.

7.58.5. Siting Facilities. The siting of any facility for a tenant DoD component must conform to the master plan of the installation or be in accordance with an agreed-upon location by the DoD components concerned.

7.58.5.1. Standards of design and construction must conform to those of the host military department, as provided for in the master plan of subject base or installation.

7.58.5.2. Exceptions are made in those instances where tactical or other operational considerations requiring limited duration of occupancy would not economically justify construction of facilities to higher standards.

7.58.6. Utilization:

7.58.6.1. The tenant DoD component or executive agent has exclusive use of any facility constructed for the duration of that DoD component's requirement. The facility will be made available to the host military department for utilization, without exchange of funds, upon termination of tenancy or use by the sponsoring military department.

7.58.6.2. The host military department makes the facility, or an acceptable existing facility, available within a reasonable time period to the tenant DoD component or executive agent if the tenant DoD component has a requirement for use of the same facility at a later date.

7.58.6.3. The host military department will not construct or acquire a new facility for the tenant DoD component or executive agent instead of returning the original facility or an acceptable existing substitute.

7.58.6.4. The tenant DoD component or executive agent is responsible for obtaining a new facility if the host military department is unable to provide a facility to the tenant DoD component or executive agent without creating unacceptable conditions for the host military department.

7.59. Maintenance and Service Support. The DoD components concerned determine the levels of maintenance and service support and the reimbursement therefore. These determinations should be in consonance with existing agreements between two or more DoD components, provided such agreements conform to DoD policies.

Chapter 8

AIR FORCE PROCUREMENT APPROPRIATIONS (57*3010, 57*3011, 57*3020, AND 57*3080)

Section 8A—General Guidance

8.1. Scope and Availability of Appropriations:

8.1.1. Use these appropriations to finance: (See AFMAN 65-604 for specific projects.)

8.1.1.1. Weapons procurement

8.1.1.2. Procurement of Aircraft

8.1.1.3. Procurement of Space Systems (Air Force Space Command - AFSPC)

8.1.1.4. Training devices

8.1.1.5. Support equipment

8.1.1.6. Munitions (see paragraph [8.1.4](#) below)

8.1.1.7. Vehicular equipment

8.1.1.8. Communications and electronic equipment

8.1.1.9. Other organizational and base support equipment

8.1.1.10. All services and materiel provided by contractors or the Defense Working Capital Funds (DWCF) for update kits and modification including installation, and for qualification and acceptance tests during the acquisition cycle. Exclude any temporary duty travel of participating operating commands.

8.1.1.11. Program Management Administration (PMA) costs of mission essential program office operations – which include TDY (See [paragraph 8.49](#) for limitations.)

8.1.1.12. Transition planning for depot activation.

8.1.2. Use these appropriations for new obligations only for the 3 fiscal years designated in the appropriation act and identified in the Treasury Department's official symbols and titles for federal accounts. For example, appropriation 570/23010 is available for obligation from 1 October 1999 through 30 September 2002, after which it expires for new obligations. When the appropriation expires, use it only to liquidate obligations and make authorized obligation adjustments for 5 more years under its original Treasury symbol. (See [Chapter 6 paragraph 6.4.2](#))

8.1.3. If you cannot obligate specific programs within the period for which funds were justified and approved, you must budget any additional funding required to complete them in future years as new requirements.

8.1.4. **Expense/Investment Threshold.** The expense/investment threshold, established by law (Annual Appropriations Act General Provisions), is currently \$250,000. **Equipment and items costing in excess of \$250,000 shall be funded in the Procurement Appropriations only, not with O&M funds.**

8.2. Depot Level Repairables (DLR):

8.2.1. Air Force item managers procure DLR parts, to include initial spares, from the Defense Working Capital Fund (DWCF), Consolidated Sustainment Activity Group (CSAG) - Supply. Air Force MAJCOMs will use local O&M funds to purchase "non-fly" DLRs from DWCF. Flying Hour DLRs will continue to be purchased from the DWCF. Fund Holders, to include AFRC, ANG, CAM (Active Duty), TWCF, and AFSOC will purchase those DLRs IAW flying hour billing procedures.

8.2.2. Do not use the DWCF to pay for:

8.2.2.1. Initial and replenishment spares for munitions coded and managed items financed from the 3010 (BP 1600), 3020 (BP 2600) and 3011(BP 3500) appropriations. Munitions initial spares are funded by the procurement appropriations, but CSAG-Supply (formerly MSD) acquires the initial items and the procurement appropriations reimburse CSAG-Supply upon delivery of the item into Air Force inventory. Replenishment of munitions-coded DLRs is handled per [paragraph 8.2.1](#)

8.2.2.2. Non-stock listed items, e.g., classified and Contractor Logistics Support (CLS) programs.

8.2.3. Use the DWCF, Consolidated Sustainment Activity Group - Supply, (formerly Material Support Division) to acquire initial DLR spares.

8.2.3.1. Initial spares are funded by the procurement appropriations, but the CSAG-Supply acquires the items and the procurement appropriations reimburse CSAG-Supply upon delivery of the initial stock into Air Force inventory. Once the initial level is stocked in the Air Force inventory, operational activities will requisition items as needed and CAM will reimburse CSAG-Supply from O&M to assure replenishment.

8.3. Full Funding. See DoD FMR 7000.14-R, Volume 2, for guidance on full funding, advance procurement, multiyear procurement, advance Economic Order Quantity, and Engineering Change Orders/Engineering Change Proposals.

8.3.1. **Award fee requirements** are planned and budgeted for as part of the total weapon system cost. Award fees are a bona fide need of the same fiscal year and appropriation that finances the related effort on which the award fee is based. They are inherently inseparable from the work with which they are associated. Therefore, DoD full funding policy mandates award fee requirements be budgeted in and funded with the same appropriation and in the same fiscal year as the associated effort. **Until the determination has been made that a contractor is due an award fee, the award fee funds are committed as a contingent liability, not obligated.** (See DoD FMR 7000.14-R, Volume 3, Chapter. 8, Paragraph 080202.A.) However, if funds committed as a contingent liability expire or become expired when the award fee is decided, approval must be obtained for an upward obligation adjustment (per direction in [Chapter 6](#) of this volume) before the funds may be obligated.

8.4. Weapon System Engineering. MAJCOMs, installations, Air Force Materiel Command (AFMC Centers), Air Force Space Command (AFSPC) for Space Systems, and program offices must select the correct funding category for weapon system engineering. In general, funding covers engineering for development, production, and maintenance.

8.4.1. **Development Engineering.** Use the RDT&E appropriation.

8.4.2. Production Engineering. To fund production engineering for items in production, use the applicable budget program (weapon system, modification, support equipment, etc.) from the procurement account which funds production of the end item. The phrase “items in production” means the end item in production is funded in the year the production engineering is to take place. Because weapon system development and production engineering often overlap, you must properly categorize development and production tasks. In general, development engineering tries to achieve or improve system performance; production engineering tries to correct deficiencies in the approved production baseline. Ultimately, you must apply this guidance case by case.

8.4.3. Maintenance Engineering. Use the Operation and Maintenance appropriation which funds the operational support of the system or equipment.

8.4.3.1. Maintenance engineering efforts may result in the need to redesign a product or substantially improve its performance (flight characteristics, mission performance parameters, reliability, capacity, etc.). The redesign would be a development engineering task because it improves system performance.

8.4.3.2. You must carefully categorize production and maintenance tasks, which often overlap. In general, production engineering tries to correct deficiencies in a production baseline; maintenance engineering tries to identify deficiencies discovered in postproduction operational service. You will need to decide case by case.

8.5. Exceptions:

8.5.1. Use RDT&E to fund all efforts to improve engine components (a combination of maintenance and development engineering) per Congressional direction (see [Chapter 13](#)).

8.5.2. Use DWCF to fund development, production, and maintenance engineering services that support an operational commodity item managed by the DWCF Consolidated Sustainment Activity Group - Supply. But do not use the DWCF if the engineering effort results from a weapon system production or modification improvement. For example, charge the cost of the engineering effort to the DWCF if the commodity manager needs to reverse engineer the item to improve supportability or determine cause(s) of reported problems, or wants to improve the reliability or maintainability of the item itself. If engineering is necessary to do an improved configuration change, charge the engineering cost to the procurement account that bears the cost of the configuration change.

8.6. Modification Engineering. See [Section 8G](#) of this chapter.

Section 8B—Aircraft (57*3010)

8.7. Aircraft Structural Integrity Program (ASIP). To fund ASIP tasks for:

8.7.1. Aircraft in Development, charge to RDT&E (57*3600).

8.7.2. Aircraft in Production, charge to aircraft procurement if the engineering tries to ensure the aircraft performs or endures up to the specifications in the performance envelope. Aircraft procurement funds are also appropriate if the engineering tries to extend the aircraft’s useful military life within the performance envelope. Use RDT&E for the ASIP if engineering intends to push the system outside the performance envelope.

8.7.3. Aircraft Out of Production, charge to O&M. But use RDT&E if the engineering intends to push the aircraft's performance outside the envelope.

8.8. Retrofitting or Converting Aircraft:

8.8.1. For retrofitting or converting test aircraft procured for test purposes to tactically configured aircraft.

8.8.1.1. Charge the cost to the aircraft procurement appropriation (weapon system program-BPAC 10XXXX) if the model design and series (MDS) aircraft is being produced in the program year during which the retrofit or conversion is directed.

8.8.1.2. Charge the cost to the aircraft procurement appropriation (modification program-BPAC 110000) if the MDS aircraft directed for reconfiguration is not in production and the reconfiguration is not in production.

8.8.2. When aircraft are accepted into the Air Force inventory with deviations from the procurement contract requirements and corrections are necessary:

8.8.2.1. Charge the costs of the corrections to BPAC 10XXXX funds cited on the procurement contract if the correction is to be accomplished before acceptance of the final item procured under the program contracting increment.

8.8.2.2. Charge the cost to the modification program (BPAC 110000) if the corrections are made after the Air Force accepts the last item (aircraft) procured under that contract program increment.

8.8.3. Use this guidance for aircraft accepted into the Air Force inventory with equipment installed as a substitute by amendment to the procurement contract. When the original specified item becomes available and is to be installed in the delivered aircraft to replace the substituted item, charge the cost of the retrofit or modification to the modification program.

8.8.4. Use RDT&E to fund the cost of changing aircraft back to the original configuration, including hardware and labor, if the aircraft were for testing in research and development (R&D) programs.

8.9. Modifying Aircraft to Drone Configuration. Handle funding as follows for modifying an aircraft to a drone configuration, modifying spare parts, directly supporting common support equipment, and follow-on support after reconfiguration:

8.9.1. Charge the 57*3600 appropriation for the cost of modifying aircraft to a drone configuration required solely for R&D. Charge the same appropriation for changes to spare components or direct support ground handling equipment, if these result from the aircraft modification.

8.9.2. Charge the 57*3010 appropriation, BPAC 120000 or the CSAG-Supply of the Defense Working Capital Fund for the cost of modifying aircraft to a standard drone configuration for general purposes (including training, operations or R&D). Include changes to spare parts or ground handling equipment that directly support the modification.

8.9.3. Charge the 57*3010 appropriation, BPAC 120000 or the CSAG-Supply of the DWCF for **common follow-on support equipment** of aircraft converted to a drone configuration, after the modification under [paragraph 8.7](#) above.

8.9.4. Charge the 57*3600 appropriation for **peculiar support** if drone vehicles are used in R&D programs.

Section 8C—Weapons (57*3020)

8.10. Intercontinental Ballistic Missile (ICBM) Force. Air Force Global Strike Command (AFGSC) modernizes, integrates, and updates ICBM launch and launch control facilities while they are in the acquisition phase, or after they return to the acquisition phase. AFGSC will normally budget and fund for such changes based on the concept of procuring the total package, to include the hardware, necessary installation, and other support costs. The assembly and checkout contractor pays installation and support (except for hardware procurement). But program managers may contract for selected tasks from separate contractors to work operational schedules or gain an advantage for the government. In this case, charge the contracts to the weapons procurement account.

8.11. Missile Site Updating. Charge changes to hardware and equipment in an update program to the same appropriation that financed installing the equipment or hardware.

8.12. Logistic Support of Fixed Installed Missile Support Equipment. The weapons system activation contractor's Air Force "H" accounts at each site support supply for installation and check, assembly and check out, and U.S. Strategic Command's operational requirements until 45 days after the final site acceptance. AFGSC will budget and fund to support investment items during all three of these periods. After that, AFGSC is responsible for all centrally procured investment items, and operating commands include in their budget estimates all requirements coded for base procurement.

8.13. Missile Modification or Reconfiguration. Air Force Global Strike Command (AFGSC) will charge 57*3020, BP 2100 to modify or reconfigure a missile no longer in production if the missile will meet a mission requirement other than that for which the last missile was first procured. If modifying or reconfiguring the missile places it into an acquisition phase, AFMC will program and budget for the modification. If a missile modified for space booster requires removal of unnecessary hardware for reliability, the using organization will pay the costs.

8.14. Missile Propellants. Charge the missile procurement appropriation for the cost of solid missile propellants used in producing or initially loading production missiles at the contractor's plant during system acquisition and at the launch site during launch operations. Charge the same appropriation to replace outdated propellants. Pay for liquid or gaseous propellants with O&M funds.

Section 8D—Investment Equipment (57*3080)

8.15. Investment Equipment for Major Range and Test Facilities. Finance this equipment from the Other Procurement appropriation (57*3080) (reference DoD FMR 7000.14-R, Volume 11A, Chapter 12, DoD Directive 3200.11, *Major Range and Test Facility Base (MRTFB)*; and **Chapter 7** of this instruction). *EXCEPTION:* Use RDT&E (57*3600) to purchase equipment that mainly supports DT&E or IOT&E. This exception applies even though the equipment may subsequently be used for other than DT&E or IOT&E.

8.16. Base Procured Investment Equipment (BPIE):

8.16.1. Use appropriation 57*3080 (BPAC 84XXXX) to fund annual requirements for base-level procurement of authorized investment equipment items if these items exceed \$250,000 in cost and are not available through Air Force central procurement. Use the same appropriation for authorized related costs. If you are a host installation, include tenant requirements in your annual programs (see paragraph 7.5 for guidance and exception).

8.16.2. Although appropriation 57*3080 funds are available by law for obligation for 3 years, the Air Force finances the program requirements of the year for which the funds are appropriated. Therefore, MAJCOMs and installations should:

8.16.2.1. Treat BPAC 84501X (base procured equipment) as an annual program.

8.16.2.2. Fully commit this program by the end of the first fiscal year (FY).

8.16.2.3. Obligate it no later than 3 months after the end of the first FY.

8.16.2.4. Defer equipment requirements identified too late to be on contract within the 15 months to a later FY for funding. If you have questions, ask SAF/FMBIZ or HQ AF/A4.

8.16.3. Local Purchase of Centrally Procured Equipment Items. Local purchase of centrally managed items budgeted in the procurement accounts (3010, 3011, 3020, 3080 procurement appropriations) with 3400 (O&M) funds is prohibited. Centrally managed items are budgeted by the Air Force and appropriated by Congress in the procurement appropriations. Units can be provided Air Force authorization to locally procure most items with item manager approval, however, **procurement funds provided by the Inventory Manager (IM) must be used.**

8.16.4. There may be cases where an item that is coded for central procurement and management should more appropriately be coded for local procurement. If a unit deems an equipment item to be inappropriately coded, they may request recoding action through the AF Form 86, Request **for Cataloging Data/Action**, process as detailed in AFMAN 23-110, Vol. I, Para two, Paragraph 6c(2).

8.16.5. **Standard Warranty.** A standard warranty offered by a contractor on equipment is properly funded as part of the procurement. The standard warranty constitutes a bona fide need of the procurement. If the standard warranty of a vendor is 3 years and it is included in the price of the equipment, then it is funded in procurement. However, extended warranties added on as additional costs to the contract are not an integral part of the procurement of the equipment, do not constitute a bona fide need of the contract, and are to be treated as options to the standard warranty and funded with O&M in the option years.

8.17. Finance the Following Items with 57*3080, BPAC 84501X Funds: (Unless equipment is being replaced as part of an O&M-type fund repair project) (See paragraph 8.2. for changes to the 3080 BP 8400 program due to stock funding of Depot Level Repairables.)

8.17.1. Investment equipment items with a source of supply from General Services Administration, Defense Logistics Agency, other services, or local purchase (including replacement Real Property Installed Equipment (RPIE)).

8.17.2. Non-stock-listed investment equipment items that are locally procured **that are not part of a construction project (57*3300), O&M-funded construction (EEIC 529), O&M-**

funded repair (EEIC 522) (either in-house or by contract), or a stand-alone facility RPIE replacement if the unit cost is in excess of \$250,000.

8.17.3. Installation costs of investment items dictated by technical considerations or warranty conditions, or if installation charges are included in the cost of equipment offered for public sale as quoted in manufacturers' or vendors' price lists. Installation includes unpacking, assembling components, placement, and connecting necessary utilities in a space previously prepared for operating the equipment.

8.17.4. Relocatable buildings purchased as items of war reserve stock (see **Chapter 9** of this volume).

8.17.5. Portable buildings if their cost exceeds \$250,000. (See **Chapter 9** of this volume.)

8.17.6. Fast pay back capital (FASCAP) investment items approved by AF/XPMR per AFI 38-301.

8.18. Do Not Finance the Following Items with 57*3080, BPAC 84501X Funds: (See **paragraph 8.2** for changes to 3080 BP 8400 program due to stock funding of Depot Level Repairables.)

8.18.1. Equipment with a unit cost of \$250,000 or less.

8.18.2. Spares, components, assemblies, repair parts, and other materiel (expense or investment) that do not qualify as end items of equipment.

8.18.3. Centrally managed equipment items or substitutes for such items, such as aircraft, vehicles, etc.

8.18.4. Initial or replacement RPIE (including electric power generators) to be **installed as part of a construction project (either in-house or by contract)**, except as shown in **Figure 4.1**.

8.18.5. Use O&M for replacement equipment (RPIE), either as part of an O&M funded repair project, an O&M-funded construction project, or a stand-alone RPIE replacement.

8.18.6. Installation, erection, local fabrication, construction, checkout, or other service (done by organic work force or contract) connected to acquiring or purchasing equipment, except as provided in **paragraph 8.17**.

8.18.7. Preparing a site for installation of leased, transferred, issued, or newly procured equipment.

8.18.8. Support of RDT&E.

8.18.9. Support of Defense Working Capital Fund (DWCF) activity groups.

8.18.10. Information Processing Equipment, consisting of Automatic Data Processing Equipment and Word Processing Equipment, which are funded in the same manner and from the same line item in the Other Procurement (57*3080) appropriation BPAC 83401X. Do not fund Word Processing Equipment in the regular Base Procured Investment Equipment line item.

8.19. Turn-Key Procurement:

8.19.1. The use of “turn-key procurement” in a contracting action does not preclude or create any exception(s) to the legal use of appropriated funds.

Section 8E—Real Property Installed Equipment**8.20. Procuring Real Property Installed Equipment and Portable Equipment:**

8.20.1. Use procedures in this paragraph to fund initial real property installed equipment (RPIE) procured and installed as part of a construction project (in-house Base Civil Engineer (BCE) or contract). Charge the costs to the appropriation financing the construction project (either 57*3300 or O&M-type funds--EEIC 529, depending on the cost).

8.20.1.1. If the RPIE meets normal investment funding criteria, you may procure it through local purchase by directly citing the funds being used to finance the construction project.

8.20.1.2. If the RPIE is stock listed in Air Force stock list publications and requisitioned from AFMC through normal equipment channels, you must reimburse the appropriation which initially financed funded project costs from the appropriation financing the construction. For investment items requisitioned from AFMC in minor construction projects, reimburse only the items identified in the civil engineer’s cost accounting system.

8.20.1.3. If the RPIE meets normal expense criteria, the installation must procure it through the WCF unless a contractor furnishes it. Use the appropriation financing the construction project to reimburse the DWCF.

8.20.2. **Replacement RPIE.** If the item/equipment being replaced is integral to the facility and would have been funded by MILCON when the facility was constructed, the repair or replacement of the item/equipment should be funded with operation and maintenance (O&M) funds per 10 U.S.C. 2811 (OSD/GC July 15, 2003). This is applicable whether the item/equipment is being replaced as part of a larger repair project or as a stand-alone replacement project in the facility. If the item would initially have been funded with procurement funds (e.g., production or moveable equipment), then its replacement will be funded with procurement funds.

8.20.3. All air-conditioning equipment, including window units located in real property, is classified RPIE. Generally, you would fund it according to procedures in [8.20.1](#) and [8.20.2](#) above. But, do not apply RPIE funding procedures if the air-conditioning is installed in or on other than real property. For example, air-conditioning installed in or on a van-mounted piece of communications or electronics equipment is not real property. Finance this type of air-conditioning installation in personal property, based on normal investment or expense criteria.

8.20.4. Fire-protection systems, excluding self-contained vehicle and portable systems and hand extinguishers, are RPIE; therefore, you fund them according to [8.20.1](#) and [8.20.2](#) above.

8.20.5. AFI 32-1063, *Electric Power Systems*, for guidance on programming and budgeting for replacement RPIE generators. Do not use the procedures in paragraphs [8.20.2](#) through [8.20.4](#)

8.20.6. Use 57*3080 for initial and replacement requirements for all ground mobile (skid, wheel mounted, or portable) electric power generators, .5 to 200 KW, not designated as RPIE. These generators are centrally managed items.

8.20.7. AFMC finances initial and replacement requirements for portable equipment required operating a facility (excluding items designated for base procurement) from the 57*3080 appropriation. Portable equipment includes such items as tooling, materiel handling equipment, etc.

8.20.8. Do not apply RPIE procedures to fund aircraft arresting systems (runway barriers), equipment for static uninterruptible power supply, systems that provide fire protection only to non-RPIE or non-real property, and demountable sound suppressers. These items are nonreal property. Instead, follow this guidance:

8.20.8.1. Aircraft Arresting Systems:

8.20.8.1.1. Use 57*3080 for anchor chains, cables, drums, nets, erecting mechanisms, and the control devices associated with them (these are classed as common support equipment).

8.20.8.1.2. Use military construction funds for the concrete foundations, or pits, and the connecting utilities (they are real property).

8.20.8.1.3. Use 57*3080 for installation of the system if the prime contractor installs it as part of the total contract cost.

8.20.8.1.4. Use O&M-type funds for the installation when contractual labor other than the prime contractor is required to install the system. For organic labor, use EEIC 11XXX to record these costs. This labor is not a construction cost.

8.20.8.2. Power Conditioning and Continuation Interfacing Equipment (PCCIE):

8.20.8.2.1. Use Other Procurement (57*3080) for the equipment.

8.20.8.2.2. Use military construction for permanent pads or foundations (real property) and connecting utilities.

8.20.8.2.3. Follow aircraft arresting systems procedures in paragraph [8.20.8.1](#) for installation charges.

8.20.8.3. Fire Protection Systems. For self-contained vehicle and portable systems, including hand extinguishers and systems for the protection of non-RPIE or nonreal property:

8.20.8.3.1. Use the major procurement appropriations for centrally procured equipment.

8.20.8.3.2. Use the appropriation financing the systems acquisition if the centrally procured equipment is airborne equipment peculiar to one weapon system.

8.20.8.3.3. Use 57*3080 funds if the centrally procured airborne equipment is common to more than one weapon system, or is purely ground equipment.

8.20.8.3.4. Use 57*3080 funds for base-procured equipment with a unit cost in excess of \$250,000.

8.20.8.3.5. Use O&M for base-procured equipment with a unit cost \$250,000 or less.

8.20.8.4. Demountable Sound Suppression Equipment (“Hush House”) for Ground Test of Aircraft and Engines:

8.20.8.4.1. Use the major procurement appropriations for demountable equipment that suppresses sound on power check pads and jet engine test stands (they are classed as common support equipment).

8.20.8.4.2. Use appropriation 57*3010 BP1000 when the equipment is common to more than one weapon system or peculiar to one weapon system which is still **in production**.

8.20.8.4.3. Use 57*3010 BP 1200 when the equipment is common to more than one weapon system or peculiar to one weapon system that is no longer in production.

8.20.8.4.4. Use the major procurement appropriations for installation if the prime contractor installs the equipment as part of the total contract cost.

8.20.8.4.5. Use O&M funds for installation by anyone other than the prime contractor.

8.20.8.4.6. Use construction for permanent pads or foundations (real property) and connecting utilities.

8.21. Procuring and Installing Communications-Electronic Systems. This paragraph explains when to use procurement and military construction appropriations for fixed, mobile, and transportable communications-electronic (C-E) systems.

8.21.1. The use of "turn-key procurement" in a contracting action does not preclude or create any exception(s) to the legal use of appropriated funds.

8.21.2. Use the Other Procurement appropriation (57*3080) for the following C-E system items, if (1) they are incidental but integral to procuring and installing of C-E systems and have no other purposes and (2) they are an integral part of the prime contract (even if a subcontractor installs them). (Note: Use O&M funds if a contractor other than the prime contractor (or direct subcontractor) installs the system or modifies it as a result of state-of-art changes.)

8.21.2.1. Foundations for equipment, self-contained equipment shelters, prefabricated buildings used solely for equipment shelters, antennas, and antenna towers.

8.21.2.2. Temporary or permanent utilities required solely to operate C-E equipment.

8.21.2.3. Unpaved access roads and walks needed for a contractor to access areas in order to install or erect equipment.

8.21.2.4. Procuring and installing security fencing needed to protect areas or equipment during contractor operations.

8.21.2.5. Engineering and design costs associated with the above items.

8.21.3. Use construction funds (MILCON or O&M) for:

8.21.3.1. Facilities for administration, logistics, housing, and other activities to support a C-E system.

8.21.3.2. All other masonry buildings not used to house equipment only.

8.21.3.3. All paved roads and walks as well as other access roads and walks not directly related to contractor requirements or not required solely to access equipment.

8.21.3.4. Common-use temporary and permanent utilities required to support a C-E system site.

8.21.3.5. Other items of construction not covered above.

8.21.3.6. Engineering and design associated with the above items.

8.21.4. Use Other Procurement, Air Force (57*3080) or O&M to fund other requirements for fixed C-E facilities and equipment, such as modernizing, upgrading, expanding, or augmenting them.

8.21.5. Procure Intrusion Detection Systems (IDS) according to the expense/investment criteria. DWCF requirements are funded with DWCF.

8.22. Equipment (Other than Communications Systems) Procured on an Installed Basis. (e.g., Radar, Navigational Aids (NAVAIDS), and Cryptographic Equipment).

8.22.1. Use 57*3080 to procure equipment required for fixed facilities on an installed basis if dictated by technical considerations, warranty conditions, or if the cost of equipment offered for public sale includes installation charges. Charge procuring equipment on an installed basis to the program year in which it was directed.

8.22.2. Installation includes unpacking, assembling components, placement, and connecting necessary utilities in a space previously prepared for the operation of the equipment. (**NOTE:** Do not include renovation or rearrangement of buildings or utility systems, construction foundations, strengthening floors or roofs, or excavation in your installation costs. These are base civil engineer (BCE) activities whether accomplished in-house or by separate contract, and you should finance them using the base's or command's normal funding procedures.)

8.22.3. When you must construct, modify, alter, or rehabilitate buildings to install equipment, submit the requirement through MAJCOM channels for HQ USAF approval as a corollary to the equipment procurement. Charge these costs to the military construction program (MCP), O&M, or RDT&E appropriations, as appropriate.

8.22.4. If specifically approved by HQ USAF, AFMC or Air Force Intelligence, Surveillance, and Reconnaissance Agency (AFISRA) may procure equipment financed from the 57*3080 appropriation and required for a fixed operation on a system or a **packaged** basis.

8.22.5. Procure computer-raised flooring for new production flight simulators as part of the simulator complex using the "package procurement" approach. Include the costs to acquire and install this flooring in the procurement specification packages for all new production

flight simulators using Aircraft Procurement, Air Force (57*3010) funds. This is an exception to [Chapter 4 \(Figure 4.1\)](#).

Section 8F—Production Activities

8.23. Government-furnished Expense Items to Production Contractors:

8.23.1. Use the appropriate procurement appropriation to reimburse the DWCF for expense items furnished to production contractors in order to incorporate them into the manufacture or assembly of an investment item. Reimburse from the budget program that finances procurement of the investment item.

8.23.2. These expense items also include DLA fuel consumed during production qualification and acceptance testing (predelivery) of aircraft and related fuel-consuming equipment. Charge the fuel to 57*3010, BP1000 account, on a current year basis; for example, you pay for FY 1998 fuel issues with FY 1998 3010 funds. This does not include fuel furnished for aircraft delivery from the contractor's plant to the military activity. Such delivery is first destination transportation (FDT); you fund it per [Chapter 10](#).

8.24. Pilot Production. Use RDT&E funds for development or preproduction prototypes used for DT&E and IOT&E.

8.24.1. If the testing activity uses the prototypes for IOT&E, they must represent the expected production items well enough to get a valid estimate of the item's operational effectiveness and suitability. If acquiring a limited number of special pilot items from a pilot line is necessary to provide the needed representatives, use RDT&E to finance establishing the initial pilot line and for the IOT&E items. Prototypes produced with RDT&E funds must be adequate in number to fulfill both DT&E and IOT&E requirements.

8.24.2. Charge a procurement appropriation for all subsequent costs to retain the initial pilot line capability for follow-on operational test and evaluation (FOT&E), as well as inventory.

8.24.3. **Low Rate Initial Production (LRIP).** For discussion of LRIP funding in Procurement and RDT&E, see DoD FMR 7000.14-R, Volume 2A, Chapter 1, Paragraph 010212.

8.25. Costs for Closing Down a Production Line. MAJCOMs, installations and program offices fund closing down a production line from the last production buy for Air Force requirements (BPAC 100000, 200000 etc.). Use BP1300 (Post Production Support) for closedown costs if the last production aircraft has been delivered. If additional costs are incurred to keep the line open for non-Air Force requirements (for example, foreign military sales (FMS)), prorate and include the cost in the sales price of the item to non-Air Force customers.

8.25.1. Charge the BPAC for industrial responsiveness/facilities (BPAC 140000, 240000, etc.) to remove and prepare machinery and equipment for shipment to reserve storage or to the Air Force contractor.

8.25.2. Charge the O&M funds of the requesting base or depot for packing, crating, handling and transportation, as well as storage, of production tooling they request **to satisfy their future maintenance requirements**. These costs are not integral to normal closedown. Charge transportation to the transportation (SDT) account of the requesting base's or depot's major command.

*Section 8G—Guidance for Funding Maintenance and Modification***8.26. Financing Maintenance and Modifications:**

8.26.1. Use O&M for maintenance (labor, expense materials, DLR).

8.26.2. Use RDT&E for:

8.26.2.1. Development engineering for modifications.

8.26.2.2. Engineering required to integrate and test commercially available end items (including ADP equipment and software), for which the overall configuration is not commercially available.

8.26.3. Use the procurement appropriations for modification engineering and engineering changes except as stated in the following paragraphs of this section.

8.26.4. Use the procurement appropriations to buy and install modification kits. Procurement will normally not begin until a modification has a configuration baseline which is fully qualified and operational. Expense and investment material items required to install modification kits are normally included in the Group A and B kits and should be funded with procurement appropriations in accordance with full funding policy. With rare exception, you will budget an equal number of Group A and Group B kits in the same fiscal year. The exception is when an equal number is not required to accomplish the mission - “part time” Group B kits rotated to Group A kits installed in several different aircraft. When preparing budget justification materials, the program office should budget installation of modification kits in the fiscal year in which the installation is to be accomplished. On occasion, Congress may add funds for a modification and include the installation funds in the same year as the kits. In such instances, the program will be executed as directed by Congress. Also use the procurement appropriations (modification programs) for:

8.26.4.1. Installation engineering data, technical data, and special tools required to install mod kits.

8.26.4.2. Buying support equipment and peculiar test equipment required to support the modified configuration item(s) as a direct result of the modification program.

8.26.4.3. Modifying spare components or support equipment when modification programs directly require it.

8.26.4.4. If a modification is being done in conjunction with a Programmed Depot Maintenance (PDM), the modification will pay for the installation and materiel costs that are over and above those required for the PDM. The PDM will pay for common tasks or immaterial costs that are not cost effective to separate.

8.26.4.5. Equipment Scheduled for Retirement or Disposal: Limitation on Expenditures for Modifications. Prohibition - Title 10, U.S.C., Section 2244a directs the Secretary of a military department may not carry out a modification of an aircraft, weapon, vessel, or other item of equipment that the Secretary plans to retire or otherwise dispose of within five years after the date on which the modification, if carried out, would be completed. The Secretary concerned may waive the aforementioned prohibition in the case of any modification otherwise subject to that subsection, if the Secretary determines carrying out the modification is in the national security interest of the United States.

Whenever the Secretary issues such a waiver, the Secretary shall notify the congressional defense committees in writing.

8.26.4.5.1. There are three exceptions to the aforementioned prohibition: a) does not apply to a modification for which the cost is less than \$100,000.00; b) does not apply to a modification in a case where the reusable items of value, as determined by the Secretary, installed on the item of equipment as part of such modification will, upon the retirement or disposal of the item to be modified, be removed from such item of equipment, refurbished, and installed on another item of equipment and – the cost of such modification (including the cost of the removal and refurbishment of reusable items of value) is less than \$1,000,000.00; and c) does not apply to a safety modification.

8.26.5. Use O&M funds for expense materials that are not part of a mod kit, but are determined to require replacement during inspection and modification.

8.26.6. Charge installation to RDT&E if the modification supports an RDT&E effort or project, or if an RDT&E funded organization owns the equipment being modified. Otherwise, charge the installation to the procurement accounts. (Note: The use of procurement funds for installation costs became effective in FY 1991 (except for Other Procurement, which was FY 1992)).

8.26.7. Use the procedures in **paragraphs 8.26.1** through **8.26.5** to correct deficiencies in an end item of equipment in production except as follows. Some production contracts include a clause providing for a contractor to take all actions necessary to correct deficiencies in equipment revealed during production. The contractor must do so for a specified time with no change in contract target cost or ceiling. In this case, charge procuring and installing of kits for the modifications to the appropriation used to buy the equipment end item. (For example, procuring and installing deficiency or compatibility update mod kits for aircraft in production would be chargeable to the applicable weapon system budget program (BPAC) of the Aircraft Procurement Appropriation.) If the mod kits needed to correct the deficiency are no longer covered by the terms of the contract, fund them according to the preceding paragraphs.

8.26.8. Use the following guidance for “P” (permanent) and “P-S” (permanent-safety) modifications:

8.26.8.1. Charge the trial installation work to the procurement appropriations. It is considered modification engineering. (Modification engineering, including engineering of Group A hardware (and associated software) and mod kit installation instructions, normally occurs during trial installation of a qualified, first-production Group B kit. The trial installation results in the first-production configuration item.) Also, use procurement appropriations to pay for fuel used in predelivery test of a trial installation.

8.26.8.2. Use the procurement appropriations to fund engineering efforts (modification engineering) to make minor changes to a fully developed and qualified modification kit (either hardware or software) in order to adapt it for modifying another end item or system. An example would be an aircraft system of another MDS. “Minor engineering effort” requires less than 25 percent of the engineering man-hours involved in developing the initial or previous operation’s configuration baseline (hardware and software).

8.26.9. For Engineering Change Proposals/Engineering Change Orders (ECP/ECO):

8.26.9.1. When conducting engineering studies to determine if an ECP/ECO should proceed to the modification production phase:

8.26.9.1.1. Use O&M (3400) if the program is a reliability/maintainability effort.

8.26.9.1.2. Use R&D (3600) if the program requires development efforts.

8.26.9.1.3. Do not use modification production funds to make this determination.

8.26.9.2. When an ECP/ECO generates after an item is on contract:

8.26.9.2.1. Use funds that financed the production item on the contract to finance the ECP/ ECO; i.e., if 3600 paid for a development item, then 3600 pays for the change order; if 3010 paid for a production item, then 3010 pays for the change proposal.

8.26.9.2.2. Do not use procurement funds to procure engineering contract services in order to review an ECP/ECO for sufficiency.

8.26.10. Charge the budget program funding the equipment end item for modification engineering for mod kits to be installed on equipment end items in production. Use modification program funds only for “difference engineering” required to install the mod kits on equipment end items already produced. (“Difference engineering” is the additional engineering needed to cover the different installation requirements (hardware and software) between in-production items and those already procured.)

8.26.11. Suppose modifying a weapon system requires modifying a training device (for example, a simulator) which supports the weapon system. In this case, use the same funding (such as RDT&E) for designing and modifying the system and the training device (RDT&E). If modifications of the training device do not stem from modifying the weapon system, fund engineering efforts in the same manner as other end item modifications (see previous paragraphs). The guidance in **Chapter 4, Section 4B** applies to designing and developing training devices, and software changes not associated with hardware modifications.

8.27. Intentionally left blank.

Section 8H—Value Analysis and Engineering

8.28. Value Analysis of Spare Parts:

8.28.1. Use the guidance in **Table 8.1** to determine the source of funding for value analysis of spare parts: (**NOTE:** value analysis is a detailed and exhaustive pricing investigation to determine the likely competitive price or market price of spare parts.)

Table 8.1. Appropriations to Charge for Value Analysis of Spare Parts.

If the Principal Benefiting Program Is In	Charge the Contractual Costs To
Aircraft Procurement (3010)	Budget Programs (BP) 16 or BP 19, as appropriate
Missile Procurement (3020)	BP 25, 26 or the CSAG-Supply, DWCF, as appropriate; or BP 29 if neither 25, 26 nor the CSAG-Supply is the benefiting program
Other Procurement (3080)	BP 8600
Operation and Maintenance (3400)	appropriate MAJCOM budget activity
Two or more appropriations	a value analysis contract that contains a separate line item for each benefiting appropriation and the cost of the contract prorated accordingly

8.28.2. Charge in-house value analysis, without a contract, to the normal O&M-type funds of the activity doing the analysis.

8.29. Guidance for Funding Value Engineering (VE). MAJCOMs, installations and program managers should include the amounts required to pay for Value Engineering Proposals (VEP), Value Engineering Change Proposals (VECP), testing, and other costs arising from the VE program in all budget estimates.

8.29.1. Charge the cost arising from VE actions to the appropriation financing the prime benefiting program, except as specified below.

8.29.2. Use RDT&E to fund VE (internal or contractor) performed during design and development.

8.29.3. Pay for VE performed according to either a program requirements clause or an incentive clause on major end items in production or in the operational inventory (such as weapons, military equipment, and components as well as minor items) as follows: (1) charge the VE cost to RDT&E if the VE requires redesign that entails related development, test, and evaluation work which increases the performance envelope, and (2) charge the account financing the prime benefiting program for VE actions other than those in the preceding subparagraph.

8.29.4. Finance VE by a contractor under a value engineering requirements clause as a separate line item in the contract and from the same appropriation cited in the contract.

8.30. Sharing VE Incentive and Program Requirement Clauses:

8.30.1. Financing Instant Contract:

8.30.1.1. Contractors share in the cost savings on contracts if they propose a VE change that the Air Force accepts. Sharing is limited to the instant contract and the quantity of the item procured under the contract. To compensate the contractor, the Air Force reduces the contract price only by its share of savings and includes in the contract price the contractor's share of the savings.

8.30.1.2. Use the appropriation cited in the instant contract to finance the contractor's share of the savings because this share is included as a part of the payment to the contractor at the reduced contract price.

8.30.1.2.1. Prorate the savings in the same proportion as the quantity procured for the different appropriations when the instant contract includes more than one fund citation.

8.30.1.2.2. Prorate the savings based on the quantities procured when the instant contract includes a fund citation that results from a consolidated order from two or more customers.

8.30.2. Financing Lump Sum Payments on Future Acquisition Savings:

8.30.2.1. If the Air Force buys more of the same item with the VE change incorporated, the contractor may also be paid a share of the VE savings in the added items. Determine the contractor's share per unit as you did under the instant contract. This share per unit extends to the estimated number of units to be procured later. The provision in the instant contract that authorizes the lump sum payment on future acquisition savings specifies this number. The Air Force compensates the contractor by a lump sum, one-time payment under the instant contract.

8.30.2.2. Air Force users may initially charge the contractor's share of the savings to the appropriation cited in the instant contract and, when determined appropriate, transfer these amounts to the applicable account using the funding principles in paragraph [8.29](#) above. Before accepting the VECP, you must determine that funds are available in the account that will ultimately bear the charge.

8.30.3. Financing Royalty Payments on Future Acquisition Savings:

8.30.3.1. In addition to sharing savings under the instant contract (but always in lieu of any sharing by lump sum payments), the Air Force may agree in the contract to pay the contractor a "royalty". (The royalty payment is based on actual future procurements, within a stated time period, of the same item that incorporate the instant VE change.) Also, the Air Force may agree in the instant contract to pay the contractor a "royalty" on future overhaul and maintenance work by an "in-house" defense facility that uses the instant VE changes. Agreement in the instant contract to pay royalties based on actual future procurement does not commit or obligate funds. Also, the agreement to pay royalties does not extend either to procurements of the item by any other DoD component (even though the instant VE change is incorporated in such procurements) or overhaul and maintenance work.

8.30.3.2. Generally, you should determine the contractor's share per unit as you do for lump sum payments. The Air Force pays contractors under the future contract in reasonable increments of not more than 6 months. The payments depend on quantities purchased, or in-house work done, in which they hold a contractual right to share in the savings.

8.30.3.3. Charge the contractor's share of savings under the royalty method to the appropriation account cited in the subsequent procurement or construction contract, regardless of whether that contract is with the instant contractor. For overhaul and

maintenance work in a defense facility, pay the contractor's share of savings either directly from the customer appropriation financing the order or from the fund financing the defense facility. You may pay this share whether the defense facility is operated as a DWCF or other fund activity.

8.30.3.4. When the Air Force later buys for another DoD component under a MIPR, include royalty payment amounts in your funding citation for the procurement or construction. If the responsibility for procurement or construction transfers to another DoD component under logistical transfer procedures, the Air Force transfers responsibility for making royalty payments to the gaining component, and that component must accept this responsibility.

8.30.4. Financing Payments for Collateral Savings:

8.30.4.1. As a result of accepting a VE change under the instant contract, the Air Force may compensate the contractor for a share in collateral savings expected from the change. Examples of these savings would be fewer requirements for government-furnished property, reduced cost of operating the contract item, or lower costs for logistical support. This compensation is always a one-time lump sum payment under the instant contract. Do not pay collateral savings for any subsequent purchases of the same item by the Air Force or any other DoD component.

8.30.4.2. Initially, you may charge the lump-sum payment for collateral savings to the appropriation cited in the instant contract and, after determining the proper allocation, transfer these amounts to the proper account under [8.29](#) above. Before accepting the VECP, you must determine that funds are available in the account that will ultimately bear the charge.

8.30.5. VE Program Requirements Clause. This clause requires a stated level of VE effort by the contractor and is a separate contract line item. Fund according to the guidance in **paragraph 8.29**.

8.30.6. Testing. The Air Force must conduct appropriate tests before determining that a VEP and VECP are acceptable. Tests are usually required before the contractor accepts the proposals. Typically, the Air Force command that benefits from the VEP or VECP tests as part of operations. So MAJCOMs must include these costs in their execution plans for O&M-type appropriations.

8.30.7. Unsolicited Proposals. If the Air Force accepts an unsolicited proposal to save money from someone other than the contractor, charge for it according to the guidance in **paragraphs 8.29.1** through **8.29.4**. The payment to the unsolicited source will be either a lump sum or a royalty. An example would be saving money on supplies or services under contract or furnished in-house within a Defense facility.

Section 8I—Other Investment Procurement Policies

8.31. Funding Test and Evaluation. See [Chapter 14](#).

8.32. Purchasing Information Technology Equipment (ITE). See [Chapter 4, Section 4B](#).

8.33. Funding the Local Manufacture of Investment Items. Charge the cost for emergency local manufacture of investment items required by a repair activity to the procurement

appropriation to which the item is identifiable. Installations may not use local manufacture to stock items for inventory.

8.34. Funding Support Equipment. Determine the budget program activity codes (BPAC) for peculiar support equipment and common support equipment as follows:

8.34.1. **Initial.** For in-production weapon systems, the System Program Manager (SPM) is responsible for programming, budgeting, and funding all support equipment (SE) required for initial lay-in. The SPM will use weapon system procurement funds (3010, BP 10; 3020, BP 20). Procurement funds (3010, 3020, or 3080) will be used for initial SE, whether for in-production or post-production weapon systems. Initial SE includes both common and peculiar SE that support the mission design series (all blocks and subindentures) in-production and its engine which the Air Force acquires for the following reasons:

8.34.1.1. To support deliveries of new principal items (aircraft and missiles),

8.34.1.2. As a result of basis of issue (BOI) changes during production of the weapon system,

8.34.1.3. To provide additional quantities of support equipment to support force structure changes that increase the number of bases requiring SE during the production of the weapon system, e.g., conversion from active to Guard/Reserve forces.

8.34.2. **Replacement.** For out of production systems, the Item Manager (IM) whether resident in the SPM, Product Group Manager, or Material Group Manager office, is responsible for budgeting and funding for replacement of organizational and intermediate level support equipment, both common and peculiar. MAJCOMs **that use the equipment** shall program sufficient funding for specific replacement support equipment programs in excess of \$15 million per year or \$50 million total program cost. The IM will use equipment procurement funds (3010, BP12; 3020, BP22). Replacement SE is that which the Air force acquires for the following reasons:

8.34.2.1. To replace losses of existing SE, e.g., condemnations,

8.34.2.2. As part of changeout program where one item of SE will replace another,

8.34.2.3. As a result of BOI changes that occur during the post production support period of the weapon system.

8.34.3. **Appropriation 3010, BP 1300** is used to provide additional quantities of SE to support force structure changes that increase the number of bases requiring SE during the post production period of the weapon system, e.g., conversion from active to Guard/Reserve forces.

8.34.4. **Modification.** Use BP 1100 (modifications) for all peculiar SE required because of a modification. This includes peculiar SE required to support a system that applies to more than one aircraft. Also follow this guidance for changes in modification quantities or items during the course of the modification funding.

8.34.5. See chart in AFMAN 65-604 under 57X3010 Fund code 11, BP 1200, Common Support Equipment.

8.35. Funding Technical and Engineering Data. See [Chapter 4 Section 4E](#).

8.36. Training:

8.36.1. **Training Films.** The Air Force procures some special training films as part of the contract for procuring an end item. Charge the initial supply of a stated number of the films to the procurement appropriation and BPAC under which you procure the specific weapons system or end item of equipment.

8.36.1.1. Follow the above guidance for aircraft, missiles, and direct support equipment as long as you are procuring the initial squadron equipment by model type. Do not apply the guidance to operational tests and follow-on operational tests.

8.36.1.2. Follow the above guidance for equipment procured under the 57*3080 appropriation until the last item in the procurement contract is accepted into the inventory from the production program.

8.36.1.3. Sometimes the requirement for special training films results from, and procurement is accomplished with, the modification of a weapon system or end item of equipment. When this occurs, charge producing a stated number of films to the same procurement appropriation and BPAC that covers the modification.

8.36.1.4. If the requirement for special training films results from maintenance operational requirements, technical order changes, etc., charge the cost to O&M-type appropriations.

8.36.1.5. Charge the cost of producing films to O&M-type appropriations if the requirement for special training films is: (1) to increase the number available for distribution (in addition to the original number authorized for procurement under the procurement appropriation); (2) to replace worn-out film; (3) to produce prints from an Air Force negative; or (4) not eligible for procurement under other provisions of this paragraph.

8.36.2. **Funding Type 1 Factory Training.** See [Chapter 10 Section 10L](#).

8.37. Repairing Government-Furnished Materiel (GFM). Because of malfunction or damage (in transit or in storage), some GFM items procured for initial installation into a major end item of equipment in production may have to be returned to the producing GFM contractor or Air Force depot for repair or rework before they can be installed. Fund the repair of such GFM items as follows:

8.37.1. Charge the repair of associated GFM items (including parts or components and contract services required) for undelivered end items of equipment (those in contractor's facilities) to the same budget program and program year as the end item of equipment into which it will be installed.

8.37.2. After Air Force acceptance of the end item, charge the repair of GFM components to O&M type appropriations. Include those not procured or required for initial installation into an in-production end item.

8.38. Industrial Responsiveness/Facilities and Equipment. Aircraft control and warning (AC&W) and distant early warning (DEW) line sites, whether contractor or government-operated, are considered command installations, not industrial responsiveness facilities. Compute modification and maintenance of related equipment according to established Air Force procedures and fund their costs under either the O&M or Other Procurement appropriations.

8.39. Funding Supplies and Equipment for the National Air and Space Intelligence Center (NASIC) and the Air Force Technical Application Center (AFTAC):

8.39.1. Procurement under BPAC 84XXXX for NASIC and AFTAC includes all items of centrally procured equipment and supplies normally chargeable to 57*3080 (as described in AFMAN 65-604). Use the following subparagraphs to determine fund requirements by appropriation for NASIC and AFTAC financial plans and budget estimates.

8.39.2. Develop requirements for RDT&E (57*3600) using AFMAN 65-604, budget codes.

8.39.3. Apply the following for procurement appropriation requirements:

8.39.3.1. Use 57*3010 or the 57*3020 for end items of equipment and systems to be initially installed in, and become a part of, an aircraft or missile, and items of an airborne nature used in an aircraft or missile used exclusively for NASIC or AFTAC mission requirements.

8.39.3.2. Use 57*3080 for end items of equipment and systems used in ground operations exclusively for NASIC or AFTAC mission requirements.

8.39.3.3. Charge components and maintenance spare parts required to support a particular end item of equipment or system to the same appropriation that funded the end item (except Defense Logistics Agency (DLA) procured items that are O&M-funded). But, if you cannot specifically identify maintenance spare parts, other than DLA items, to a single end item of equipment, apply the predominance of use concept. For example, when the known or estimated use of a spare part predominates for a particular type of equipment, charge the total requirement to the same appropriation that funded the particular equipment.

8.39.4. Charge equipment and components required for NASIC and AFTAC operational support (including supplies and materiel normally provided for under several 57*3080 program codes) **to BPAC 84XXXX only**. In addition, use BPAC 87XXXX to reimburse for contractual labor and depot installation or modifications of equipment that are required in connection with Permanent Modifications of 57*3080 equipment.

8.39.5. Charge contractual or depot labor (including TDY) required installing 57*3080 equipment to the applicable O&M appropriation program, unless such equipment is authorized for procurement on an installed basis. Charge TDY costs to O&M even for procurements on an installed basis. Do not use BPAC 87XXXX to reimburse 57*3400 for contractual or depot labor (including TDY) required to install NASIC and AFTAC equipment.

8.40. Production-Related Travel.

8.40.1. Use RDT&E to fund travel that supports Research, Development, Test, and Evaluation efforts and activities.

8.40.2. Use production funds (see paragraph **8.49** PMA) for travel that directly supports production-related activities where you have completed RDT&E or where there was no RDT&E.

8.40.3. Use RDT&E if the travel supports both RDT&E and production-related activities; that is, resolve gray areas in favor of RDT&E.

8.41. First Destination Transportation (FDT). Charge FDT for items procured either FOB Origin or FOB Destination to the procuring appropriations and the program procuring the equipment/item in that appropriation (3010, 3011, 3020, and 3080). Charge the FDT for depot level reparables to the Consolidated Sustainment Activity Group - Supply (Defense Working Capital Fund). Charge FDT (FOB origin) for O&M-funded materiel to the O&M Appropriation. See Chapter 10, Section 10E, for specific transportation financial guidance.

8.42. General Use Vehicles for Research and Development (R&D) Activities:

8.42.1. Use Other Procurement (3080) to pay for general use vehicles (defined as common equipment used in the day-to-day support of RDT&E base operation and maintenance activities).

8.42.2. Use RDT&E for vehicles required solely for R&D projects, test and evaluation and government furnished equipment (GFE) to R&D contractors. This includes vehicles authorized specifically to support RDT&E projects, vehicles for targets, vehicles unique to a test effort, and vehicles operated by an RDT&E contractor. **EXCEPTION:** use 57*3080 for vehicles required for in-house contractors and base civil engineers responsible for road maintenance and debris clearance.

8.43. Buying Back Materiel an FMS Customer Offers for Return. When an AFMC Air Logistic Complex (ALC) learns that an FMS customer offers to return material that satisfies a valid Air Force requirement for serviceable or unserviceable materiel, it will procure this materiel as a separate transaction from the original USAF procurement for FMS. Returned serviceable or unserviceable assets represent a new procurement by the AFMC ALC to meet Air Force operational needs through the buy operating period. Use DWCF obligation authority, rather than BPs 1500, 2500, 8300, and 8400 for such procurements. When needed, Air Force customers will buy these items from the DWCF using O&M funds.

8.44. Funding for Reliability Improvement Warranty (RIW). [Table 8.2](#) tells how to fund RIW included in modification and production contracts and transitioning to either organic or contractor support upon completing RIW coverage.

8.44.1. Peculiar support equipment, even when procured late in the acquisition cycle, is (by definition) a part of the cost for acquiring the weapon system. Charge it to the weapon system line.

8.44.2. Include RIW costs as part of the unit cost of installed items, although warranty coverage is provided for both installed and spare parts.

Table 8.2. Reliability Improvement Warranty (RIW) Funding Support.

R	A	B	C	D
U L E	If the RIW is in the	fund the RIW under (see note)	and if the decision is to transition to	then budget lead time away for normal logistics support as follows
1	Modification contract	the modification budget program P-1 line item	organic support after completing of RIW coverage	peculiar support equipment in the same modification P-1 line item and spares (for example, shop replaceable units (SRU) in the spares P-1 line item (see note).
2			contract support after completing RIW coverage	contractual support in the applicable operations and maintenance type appropriation.
3	Production contract	the production budget program P-1 line item	organic support after completing RIW coverage	peculiar support equipment in the same modification P-1 line item and spares (for example, SRUs in the spares P-1 line item (see note).
4			contractor support after completing RIW coverage	contractual support in the applicable operation and maintenance type appropriation.
NOTE: When a buy of items covered by RIW is for both retrofit and production line installation, prorate the RIW cost between modification and production funds based on number of units for each purpose. Also, if you use organic labor for follow-on support, use the same method to prorate funding for peculiar support equipment related to the split buy.				

8.45. Procedures for Replacement and Deposits to the General Fund of the Treasury. See Volume 2A, Chapter 1, of DoD FMR 7000.14-R, for guidance on replacement, replacement-in-kind, and free assets.

8.45.1. Replacement Guidance--Weapon Systems or Principal Items:

8.45.1.1. Replacement in Kind. The program manager must include reimbursement from the sale in reimbursable financing and the buy-back of the item in the reimbursable program. Do not show this transaction in the direct budget plan. (**NOTE:** "Replacement in Kind" refers to an item sold that requires replacement with an item of the identical type, model, and series of "mod" designation. **EXAMPLE:** Sale of a C-130E aircraft and purchase of a C-130E aircraft.

8.45.1.2. Replacement. Include the reimbursement from the sale under reimbursable financing, but show the buy-back of the replacement item under the direct budget plan

and comply with DoD reprogramming requirements, if applicable. (**NOTE:** “Replacement” refers to an item sold that requires replacement to compensate Air Force inventories for the resultant loss of capability or readiness. But, because of circumstances, the replacement item will not be identical to the item sold. It must, however, be a later series of “mod” designation of the same basic model (for example, sale of an F-4D and purchase of an F-4E) or an acceptable substitute item used for the same inventory objective or authorized acquisition objective in requirement computations (for example, sale of a CBU-58 fuse and purchase of an FMU-81 fuse).)

8.45.1.3. MAJCOMs that want to replace a principal item with a later series or “mod” designation, or an acceptable substitute item, must submit a request for financing to SAF/FMBI. Include these items, as a minimum, in your request:

8.45.1.3.1. FMS case designation.

8.45.1.3.2. Item and number sold.

8.45.1.3.3. Sale price of item (or items).

8.45.1.3.4. Replacement item, number to be procured, cost per item, and total required.

8.45.1.3.5. Inventory and authorized acquisition objective and on-hand status; and

8.45.1.3.6. Date funds are required. (**NOTE:** SAF/FMB will use the above information to prepare appropriate reprogramming requests, for submission to OSD and the Congress or inclusion in the subsequent year’s budget. SAF/FMB requires at least 120 days to obtain approval of reprogramming requests.)

8.45.1.4. **Replacement Guidance--Secondary Items.** MAJCOMs may apply proceeds from the sale of a secondary item from inventory to buy any required secondary item in the same appropriation (for example, resources from sale of a 57*3010 item must be used to purchase a 57*3010 item). MAJCOMs must record reimbursable obligations for secondary items against specific FMS cases when applicable.

8.45.2. **Deposits to the General Fund of the Treasury (Miscellaneous Receipts):**

8.45.2.1. MAJCOMs must identify and account for free assets to report them on an “as needed” basis to HQ USAF. Free assets are funds derived from the sale of an item of materiel (weapon system/principal item) and which do not require replacement.

8.45.2.2. Program managers must identify free assets from the sale of principal items at the time of price and availability, and in the FMS letter of offer and acceptance (LOA) and the case directive.

8.45.2.3. Program managers must annotate the LOA with this statement: “Funds collected in payment for this sale will be deposited in the miscellaneous receipts account of the Treasury.”

8.45.2.4. The case directive will include this statement: “Principal item not to be replaced in the inventory. Funds collected in payment for this sale will be deposited in the miscellaneous receipts account of the Treasury.”

8.46. Small Weapons Procurement. All small weapons and arms, such as the M-16 rifle, 9MM Compact Pistol, M-9 Pistol, grenade launchers, etc. are centrally procured in the 3011 Procurement of Ammunition Appropriation.

8.47. Power Conditioning and Continuation Interfacing Equipment (PCCIE):

8.47.1. Charge PCCIE procured as an embedded or integral part of the system it supports to the same P-1 line as the system itself.

8.47.2. Use RDT&E (3600) for PCCIE procured to support RDT&E requirements.

Table 8.3. Test Program Sets (TPS) Follow these procedures for funding:

IF	PAY FOR THE TEST PROGRAM SETS FROM
The Automatic Test Equipment (ATE) is in development	RDT&E.
A development effort is required to change the capabilities of either ATE in the operational inventory or off-the-shelf equipment	RDT&E for initial set of TPS; use the same procurement account for additional units.
Operational or off-the-shelf equipment requires a procurement-funded modification	Same procurement account for changes to TPS.
An ATE in production is funded in a procurement account	Same procurement account.
TPS is procured without an accompanying ATE	Same appropriation used to procure the ATE it will serve

8.48. Bid Sample Testing for Non-Development Items (NDI). Fund bid sample testing for NDI either in procurement or O&M based on applying the expense/investment criteria to the cost of the NDI if it were being procured. Use RDT&E to modify an NDI bid sample. Use O&M for related military or civil servant travel.

8.49. Investment Funded Acquisition Costs: Note: This section does not apply to FMS funds. The following sources provide guidance on the appropriate use of FMS funds: DoD FMR 7000.14-R, Volume 15, Chapter 7; DoD 5105.38M, *Security Assistance Management Manual (SAMM)*; AFMAN 16-101, *International Affairs and Security Assistance Management*; and the “FMS Administrative/Logistics Support Expense Budget Execution Plan, Specific Costs to be Included or Excluded”, matrix provided by the Defense Security Cooperation Agency.

8.49.1. **Direct Mission Support (DMS) Costs.** Costs to provide an end item or operational capability for a weapon system or common item (other than payroll costs for government personnel), These include costs such as technical orders, sustaining engineering, contractor logistics support, and equipment installation, A&AS and FFRDC contractor support is also DMS if it provides for an end item operational capability for a weapon system or common item.

8.49.2. **Program Management Administration (PMA) Application.** Procurement appropriations will be used to fund PMA costs that directly support production program

activities for any program designated as a Program Executive Officer (PEO) program regardless of Acquisition Category (ACAT), appropriation or Budget Program (BP). In addition, modification programs designated as acquisition programs which are managed at the Air Logistic Complex (ALC) may use the procurement appropriations to fund PMA. All other acquisition programs, including all acquisition programs of the ANG and Air Force Reserve, will continue to fund PMA costs in RDT&E or O&M. Due to its nature, PMA should be budgeted on an annual basis and reflected in the fiscal year during which the requirement is projected to execute. The appropriation used to fund PMA should be consistent with the work being performed and not determined simply by prorating between available appropriations. During execution, emergent PMA requirements may be paid from any fiscal year currently available for new obligation provided the appropriation cited is consistent with the task being supported. Shortfalls in budgeted PMA requirements need to be paid from the same appropriation as originally budgeted for the effort.

8.49.2.1. PMA Allowable Costs. PMA costs are defined as those direct, unique program costs, other than payroll costs for government personnel, which are required for the operation of a program office in its management and oversight role. These include costs such as travel, printing, supplies, equipment, program office unique computer and communication costs, and pre-litigation, to include Alternate Disputes Resolution (ADR) process (before contractor files appeal with ASBCA or initiates action in court) costs such as evaluation of claims. Advisory and Assistance Service (A&AS) and FFRDC contractor support to a program office is also PMA if it supports the functions of government personnel in managing a weapon system or common item. These program unique requirements should be budgeted in the weapon system PEC in either the RDT&E or procurement appropriation, and advocated by the using MAJCOM since these costs are reasonably considered part of the acquisition cost of the weapon system. For non-PMA costs, O&M is programmed and budgeted by AFMC and AFSPC in their respective PEs -- PE 72804 for AFSPC, PE 72806 for AFMC product centers and PE 78070 for the logistic centers See [Table 8.4](#) for a matrix of allowable costs.

8.49.2.1.1. Alternative Dispute Resolution. Unique program office costs associated with pre-litigation activities, including ADR, are legitimate PMA costs. However, once litigation begins (e.g., a contractor files an appeal with the Armed Services Board of Contract Appeals or initiates an action in court), litigation support costs, such as expert evaluation, are funded in O&M. **NOTE: At its discretion, SAF/GCD may assist in the ADR process. As a HQ USAF function and the focal point for ADR issues, O&M (3400) funds are specifically appropriated to finance expenses incurred by that office for whatever ADR activities they choose to undertake. The involvement of SAF/GCD in any ADR process is at the sole discretion of that office.**

8.49.2.2. PMA Non-Allowable Costs. While PMA costs are legitimately included in the acquisition costs of weapon systems, it is critical that the Air Force avoid augmentation of the O&M appropriation by the RDT&E and procurement appropriations. As a result, PMA costs **do not include** civilian pay or overtime pay, base or installation operating support, or costs associated with headquarters level support. Consequently, AFMC and AFSPC must consistently apply their definition of standard support elements (i.e. telephone service to a desk, computers at a workstation, etc.) that are O&M funded,

regardless of whether the location is a product center, logistics center, headquarters, or operating location. RDT&E and procurement funding is allowed only for those discrete program PMA requirements driven by unique program needs above the Command standard. These PMA cost exclusions are funded consistent with existing policy guidance contained in AFI 65-601, Volume I, and Air Staff direction. Excluded costs include base operating support (BOS), Indirect Mission Support or Direct Mission Support.

8.49.2.2.1. **BOS Costs.** These are base O&M-type costs to provide common infrastructure support required by all installation offices regardless of mission. This includes the cost of standard furniture for a general purpose administrative office building in which program offices reside.

8.49.2.2.2. **Indirect Mission Support (IMS).** Costs to provide the Product Support Business Area infrastructure at a center (other than payroll costs for government personnel) These tasks allow the center to perform its primary product support mission (e.g. general support, business area management, and product line management). IMS costs include travel, printing, supplies, equipment, staff office unique computer and communication costs, and other functional home office support costs. A&AS and FFRDC contractor support to a staff office is also IMS if it supports the functions of the government personnel in managing these cross-cutting activities. IMS is advocated by AFMC and AFSPC.

Table 8.4. Program Management Administration (PMA) Funding.

Type of Service	Examples
1. Contract Services for Program Office Operations	Program office computer support for “above standard” unique SPO requirements, configuration management costs, cost estimating/analysis, and consulting services (including TEMs, CITA, FFRDC or A&AS-type contracts). Note: Direct support costs associated with contractor personnel who are resident in the SPO may be funded with the same investment appropriation as the contractor, if applicable.
2. Travel in Support of Program Office Efforts	Program office travel supporting Program Management Reviews, Negotiation Reviews, and Defense Acquisition Board (DAB). PMA funds will not be provided to higher HQ or MAJCOM management staff for administrative reviews. The program office may use their procurement or RDT&E funds for HQ participation if the effort being funded is for a specific program activity. For example, PMA <u>MAY NOT</u> fund HQ travel to Spring Program and Investment Budget Reviews; PMA <u>MAY</u> fund travel for a PEM

Type of Service	Examples
	to participate in a Program Management Review.
3. System Program Office (SPO) Supplies and Equipment Purchases, Rentals, Leases, and Maintenance	Off-base program office space rental. Unique (above standard) equipment maintenance leases to include copiers, fax machines, on-demand repair contracts, and special graphic support.
4. Unique Communication Expenses	Program Office video teleconference networks, direct long distance line with prime contractors.
5. Program Office Specific Training	Specialized short-term technical training for program office assigned personnel that directly relates to performance of functions in support of the direct mission program (e.g., Selected Acquisition Report (SAR) preparation training). This does not include funding college degrees on either a full time or part time basis. Degrees are funded by host base or career program training funds.
6. Printing and Reproduction	Program office printing for items such as DABs and Request for Proposal (RFP).

Chapter 9

MILITARY CONSTRUCTION APPROPRIATIONS

Section 9A—Planning and Programming, Authorizations and Appropriations

9.1. Composition of Program. The Military Construction (MILCON) Program consists of the appropriations below. See AFMAN 65-604 for specific project codes.

Table 9.1. Military Construction Appropriations.

57*/*3300 Military Construction, Air Force.
57*/*3730 Military Construction, Air Force Reserve.
57*/*3830 Military Construction, Air National Guard.
57*/*0740 Family Housing Construction.

97X0510, DoD Base Closure and Realignment Account
97X0512, DoD Base Closure and Realignment Account, Part V

9.1.1. The Air Force MILCON program contains the following:

9.1.1.1. All land acquisition.

9.1.1.2. Acquiring and constructing facilities.

9.1.1.3. Adding to, expanding, extending, converting, altering, or replacing existing facilities.

9.1.1.4. Relocating facilities.

9.1.1.5. Planning and Design.

9.1.1.6. Construction overhead, supervision, and inspection.

9.1.1.7. Equipment installed in and made a part of real property structures and improvements (real property installed equipment - RPIE).

9.1.1.8. Demolition required to allow construction.

9.1.2. Exclude all production and movable equipment. However, in presenting construction programs and budgets, disclose the source and cost of all production and movable equipment directly associated with these programs. Also, reimburse funded project costs initially financed from other appropriations.

9.2. Obtaining Congressional Authorizations:

9.2.1. Air Force and other Defense organizations must obtain specific Congressional authorization for work under major construction programs (note special process requirements for Restoration or Replacement of Damaged or Destroyed Facilities, 10 USC Section 2854, and for Emergency Construction, 10 USC Section 2803). If authorization expires, the Air Force must seek reauthorization. Record obligations against the fiscal year in which the construction project was appropriated, not the year authorization was extended. **NOTE:**

Legislative authorization for an active DoD component's projects that have not started (no obligations incurred) **expires at the later** of these two dates:

9.2.1.1. At the end of the second fiscal year following the fiscal year which authorized the project. (For example, a project authorized in FY10 expires at the end of FY12).

9.2.1.2. Upon enactment of the Authorization Act for the third fiscal year (FY13 in the previous example) following the fiscal year which authorized the project, whichever is later. Congressional committees must approve extension of the authorization in that third year act or the authorization expires.

9.2.2. The Air Force Reserve and the Air National Guard MILCON programs require separate congressional authorizations.

9.2.3. The Air Force must present and justify MILCON programs through established MAJCOM and staff channels. The Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB) then must approve these programs before they go to Congress for legislative authorization.

9.2.4. MAJCOMs must support MILCON programs with data on proposed physical capacity or units of measurement, as well as estimated costs, for projects subject to the new authorization request. Arrange data for such projects by State and installation. Include comparative data on the existing real property inventory, previously authorized construction, and projects expected to be subject to future requests for authorization. MAJCOMs must also provide basic related data for new or changed missions and projected strength of forces. This information allows the Air Staff and OSD to determine how to assign parts of programs either to a request for immediate authorization or to a future request.

9.3. Obtaining Congressional Appropriations. To carry out military construction (MILCON) projects, you must have authorization and appropriation of funds. If an authorized project is not in an approved "appropriation act", you must include it in a subsequent annual MILCON appropriation act or do an approved reprogramming. Requests for reprogrammings shall not be submitted when any of the following conditions exist: For any project or effort that has not been authorized, with the following exceptions: 1. Projects constructed under 10 U.S.C, sections 2803,2854, 2663(d), or 2827. 2. Reserve component projects that receive "lump-sum" authorizations (see DoD FMR 070303). Do not try to reprogram a project for which Congress denied appropriations, unless congressional reports state the Air Force should do so.

9.4. Relating Budget:

9.4.1. The congressional appropriations committees approve individual projects, but the amounts appropriated may be less than their estimated cost. Do not start an approved project unless you can finance it to completion from appropriated funds available at the time the project starts. But you may start a large project **if** OMB has approved incremental funding and the Air Force has obtained special legislative arrangements for full authorization and incremental appropriations.

9.4.2. Use the funds in each annual appropriation act for:

9.4.2.1. Cumulative adjustments (in light of balances of funds previously made available) needed to finance to completion projects already approved and started.

9.4.2.2. Projects you expect to start during the current fiscal year.

9.4.2.3. Projects that still represent valid requirements for the budget year.

9.4.2.4. Amounts previously appropriated above actual cost to cover cost overruns or adjustments to other projects.

9.4.3. Handling Changes in Scope and Cost. AF/A7C and SAF/IEI will determine if they must request approval in advance for major changes to approved projects. Requests must go through DoD, OMB, and the Appropriations and Armed Services Committees of Congress. Also, under 10 U.S.C. 2853 and congressional committee reports, SAF/IEI must notify Congress when a project's scope decreases more than 25 percent or when its cost increases or decreases more than 200 percent of the minor construction project ceiling or 25 percent of the amount appropriated, whichever is less.

9.4.3.1. Scope Changes. The DD Forms 1391 submitted to Congress show the scope of a facility in units of measure such as square feet of building space, square yards of pavement, etc. When Congress approves a project, they establish its scope.

9.4.3.1.1. The scope of work for a project may not be increased above the amount specified in the justification data provided to Congress.

9.4.3.1.2. Do not decrease the approved scope by more than 25 percent without prior approval of AF/A7C and completion of congressional notification action.

9.4.3.2. Cost Increases. Adjust project financing consistent with congressional authorization and the reprogramming criteria in DoD FMR 7000.14-R, , Volume 3, Chapter 7. **Chapter 7 of DoD FMR 7000.14-R has the complete details on all reprogramming requirements and restrictions for Military Construction and Military Family Housing.** Stay within total amounts appropriated in each annual appropriation act and follow restrictions in the following bullets. You may adjust financing to complete projects approved and started, to cover projects you expect to start during the current fiscal year, and to meet other project costs that represent valid unfinanced requirements for the budget year.

9.4.3.2.1. Congress has authorized increased or decreased project costs from the appropriated amount, without a formal reprogramming request, up to 25 percent of the amount appropriated for such project or 200% of the minor construction ceiling, whichever is less (see 10 USC 2853), . The Congress, in P.L. 107-107 (FY 02 NDAA, Sec. 2802 amended 10 U.S.C. 2853) provided that "the costs associated with the required remediation of an environmental hazard in connection with a military construction project or military housing project, such as asbestos removal, radon abatement, lead-based paint removal or abatement, or any other legally required environmental hazard remediation, if the required remediation could not have reasonably been anticipated at the time the project was approved originally by Congress" may be excluded from the military construction reprogramming threshold. **However, it is Air Force policy that no increase is authorized without AF/A7C prior approval.**

9.4.3.2.2. Use projects authorized and appropriated by the Congress as offsets to cover cost increases for others previously approved by the appropriations committees under major construction programs. But first clear your actions with AF/A7C. Often

DoD , OMB, and Congressional Committee approval is required. See DoD FMR Vol 3, Ch 7 for specific guidance.

Section 9B—Funding Relocatable Buildings, Stress Tension Shelters, Aircraft Sun Shades and other modular structures

9.5. Relocatable Buildings. AFI 32-1021, *Planning and Programming Military Construction (MILCON) Projects*, explains how to acquire, manage, and use relocatable buildings. It also addresses approval levels for using relocatables on an installation. If an organization or activity procures a relocatable or portable building through the base supply system or has it assembled by the Base Civil Engineer, that organization or activity will pay for the purchase or assembly. Charge costs for relocatable buildings in accordance with **Table 9.2**.

9.5.1. Stress Tension Shelters. Stress tension shelters (STS) (for example, Portomods) usually have a fabric membrane in tension over a rigid frame. Charge costs for Stress Tension Shelters in accordance with **Table 9.2**.

9.5.2. Aircraft Sun Shades. Aircraft sun shades are modular structures with a maximum of two sides and the sole purpose of providing minimal shelter from the elements (sun, wind, rain, snow, etc.). Charge costs for Aircraft Sunshades in accordance with **Table 9.2**.

9.6. Funding Relocatable Buildings, STSs and Aircraft Sunshades.

9.6.1. Include the cost of relocating a relocatable building, STS or aircraft sunshade from one installation to another and the fair market value of the STS as part of the total costs of the new project.

9.6.2. If a relocatable building, STS, or aircraft sunshade procured and erected on an existing foundation or pad (no MILCON required), it is procured as an equipment item in either Other Procurement (3080) or O&M (3400), depending on application of the current expense/investment threshold.

9.6.3. Should construction of a foundation/pad be necessary for support/installation/erection of a aircraft sun shade(s) or STS(s), procurement and installation/erection of the shade(s) or STS(s) is funded as part of the construction cost. Relocatable buildings are included on the Form 1391 as an unfunded cost. If construction of the foundation/pad supports multiple relocatable building, sunshades or STSs, then supporting all of those relocatable buildings, sunshades or STSs is a single requirement, therefore, the construction is a single project. The cost of the construction cannot be sub-divided into the number of relocatable buildings, sunshades or STSs being supported in order to avoid project thresholds.

9.6.4. Allied Support. Allied support is the provision of power, water, etc. provided to a relocatable building, STS, or aircraft sunshade up to a connection point at the structure. Allied support funding requirements will be prioritized along with other facility and infrastructure requirements through the installation's Financial Management Board, financial working groups, and facility working groups. Providing allied support where it doesn't currently exist is considered construction. A project may be executed in complete and usable phases, but all phases must be considered for project approval thresholds. When adding allied support, the cost of the allied support cannot be sub-divided into the number of relocatable structures being supported in order to avoid project thresholds.

Table 9.2. Funding For Relocatable Buildings, Stress Tension Shelters, Aircraft Sun Shades, And Other Modular Structures.

Construction Required for support of structure?	Allied Support Required?	Funding for Shelter/Structure	Allied Support Funding
Yes	Yes	Major Construction MILCON, Minor Construction MILCON, or O&M type minor construction. Use total project cost, to include the structure, to determine whether O&M or MILCON funding is appropriate. Exception: Relocatable Buildings are an unfunded cost per DoDI 4165.56	O&M if allied support is repair. If allied support is adding capability, charge to Major Construction MILCON, Minor Construction MILCON, or O&M type minor construction. Use total project cost, to include the structure, to determine whether O&M or MILCON funding is appropriate. Exception: Relocatable Buildings are an unfunded cost per DoDI 4165.56
Yes	No	Major Construction MILCON, Minor Construction MILCON, or O&M type minor construction. Use total project cost, to include the structure, to determine whether O&M or MILCON funding is appropriate. . Exception: Relocatable Buildings are an unfunded cost per DoDI 4165.56	Not applicable
No	Yes	Equipment as either Other Procurement (3080) or O&M (3400).Apply expense/investment thresholds to select proper fund source	O&M if allied support is repair. If allied support is adding capability, charge to Major Construction MILCON, Minor Construction MILCON, or O&M type minor construction. Use total project cost, to include the structure, to determine whether O&M or MILCON funding is appropriate. Exception: Relocatable Buildings are an unfunded cost per DoDI 4165.56
No	No	Equipment as either Other Procurement (3080) or O&M (3400).Apply expense/investment thresholds to select proper fund source	Not applicable

9.7. Prewired Work Stations, Systems Furniture, Communications Prewiring:

9.7.1. **Prewired Work Stations.** Charge the cost of prewired work stations to O&M. Do not charge the cost of prewired work stations as a part of a MILCON project (3300) when constructing a new facility or altering a facility (FY 97 PBD 376, 4 Dec 95). For MILCON projects, include the cost of the stations on the DD 1391, *Military Construction Project Data*, as a non-add entry in Block 9 for "Equipment Provided from Other Appropriations." In block 12b, list the equipment as an O&M funded item, the fiscal year in which the funds will be requested, and the line item cost. The O&M funds for prewired work stations must be identified separately in bidding documents for obligating and audit purposes. As excluded costs, the systems are retained as unit personal property and are not picked up on real property records.

9.7.2. **Systems Furniture.** This term describes prewired work stations procured for a facility without MILCON additions or alterations. Use O&M-type funds (not O&M-type construction funds). If you are procuring the systems furniture as part of an O&M-funded minor construction project, do not count the furniture against the \$750,000 statutory limitation for construction.

9.7.3. Communications Prewiring of Buildings to Support Information Systems and Services:

9.7.3.1. When constructing, adding to, or altering a new facility, with MILCON funds or P341 Minor Construction funds, include:

9.7.3.1.1. All basic communications support required for information services and local area networking, including voice, data, facsimile, video, alarms, sensors, etc.

9.7.3.1.2. All work within the building for telephone wiring, conduits, cable ducts, raceways, and modular jacks and outlets. (The wiring will not become real property.)

9.7.3.1.3. All wiring, cabling, fiber optic cables (FOC), conduits, ducts, manholes, and pathways from the customer's jacks to the point where the new facility will receive network services (dial tone and Internet protocol access).

9.7.3.2. Exclude from communications prewiring:

9.7.3.2.1. End instruments and equipment such as telephones, work stations, data terminals, switchboards, computers, etc.

9.7.3.2.2. Any prewiring that is part of a minor construction project using O&M funds.

9.7.3.3. See AFCESA Engineering Technical Letter (ETL) 02-12 for further details.

9.8. Unspecified Minor Construction (P-341): An unspecified minor military construction project is a military construction project that has an approved cost equal to or less than \$2,000,000. However, if the military construction project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, an unspecified minor military construction project may have an approved cost equal to or less than \$3,000,000. When a decision is made to carry out an unspecified minor military construction project, SAF/IEI will notify in writing the appropriate committees of Congress of that decision, of the justification for

the project, and of the estimated cost of the project. The project may then be carried out only after the end of the 21-day period beginning on the date the notification is received by the committees or, if earlier, the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium.

9.8.1. Apply **Table 9.3** for project approval and reporting requirements:

Table 9.3. Unspecified Minor Construction Approval and Reporting.

FOR THESE PROJECTS	THIS GUIDANCE APPLIES
Projects costing between \$750,000 and \$3,000,000	SAF approves. Must satisfy congressional notification requirements.*
All projects over \$750,000	SAF approves Must satisfy congressional notification requirements.*
	*Air Force must notify Congress in writing 21 days before obligating funds.

9.8.2. AF/A7C manages unspecified minor construction MILCON funds. MAJCOM requests for these funds must meet the requirements of AFI 32-1021. AF/A7C reserves funds in the amount of the current working estimate when notified by the MAJCOM that an approved minor construction project is fully designed and is ready for procurement action.

9.8.3. MAJCOMs must advise AF/A7C by message of the amount of the lowest acceptable bid, plus contingency. Funding will be on a project basis. MAJCOMs may not transfer funds to another project. The Guard and Reserve manage their own P-341 funds.

9.9. O&M Minor Construction. Use O&M to cover projects with funded cost of \$750,000 or less. If the project will cost more than \$750,000, submit it to A7 for further processing as either an unspecified minor construction or as a major construction project. You must use MILCON major or unspecified minor construction to reimburse the O&M type construction funds for expenses incurred to that date. Reference AFI 32-1032, *Planning and Programming Appropriated Funded Maintenance, Repair, and Construction Projects*.

9.9.1. The Air Force General Counsel (SAF/GCA) made a legal determination that when the threshold for O&M minor military construction is increased by Congress amending 10 U.S.C. 2805(c) (1)(B), the new threshold is applicable, retroactively, to minor military construction projects placed on contract prior to the date of the enactment of the law increasing the threshold. That means, any legitimate within scope cost increases, which may occur after enactment, will be subject to the newly enacted threshold and **not** the threshold in the law at the time the contract was executed.

9.10. Acquiring Air Conditioning Systems for New Construction or Additions. Use either military construction (3300) or O&M minor construction (3400) funds (depending on current

funding threshold when you procure or install air conditioning systems as RPIE, for either computer operations or human comfort (see [paragraph 8.20](#)).

Section 9C—Financial Management for Military Construction Projects

9.11. Financial Management Guidance. This section applies to acquiring and or constructing of real property, including:

- 9.11.1. Costs charged to appropriations available for military construction (funded costs).
- 9.11.2. Costs financed by appropriations or funds other than those available for a specific construction project (unfunded costs). Capitalize these costs as part of the real property investment.
- 9.11.3. Obligation and expenditure restrictions and limitations for military construction projects.
- 9.11.4. Other related functions.

9.12. Funding for Planning and Design:

9.12.1. You may fund planning and design to develop cost estimates for a project without specific congressional authorization, as long as you stay within amounts otherwise appropriated (10 U.S.C. 2807). If the estimated design costs are more than \$1,000,000, the Secretary of the Air Force notifies the appropriate congressional committees at least 21 days (14 days for electronic notifications) before the initial obligation of funds for these services. (Note: Only active DoD Components must notify the committees.)

9.12.2. Use MILCON planning and design funds for the following:

- 9.12.2.1. Architectural and engineering services and construction design required for site investigation, survey, mapping, or sketches.
- 9.12.2.2. Preparing cost estimates for construction and land acquisition projects.
- 9.12.2.3. Preparing plans, specifications, value engineering studies and construction contract documents.
- 9.12.2.4. Managing construction projects chargeable to foreign governments if United States Armed Forces elements are the main users.

9.13. Under the authority of planning and design, the Military Departments may also:

- 9.13.1. Develop and update design criteria and manuals.
- 9.13.2. Prepare standard designs and definitive drawings used on military construction projects.
- 9.13.3. Manage design of military construction programs and contract administrative services for design.
- 9.13.4. Certify project cost.
- 9.13.5. Administer architectural and engineering service contracts to design construction and land acquisition projects.

9.13.6. Print and reproduce bid documents, prepare pre-bid government estimates, and establish liaison with prospective bidders prior to award of a construction contract.

9.13.7. Do not use design funding to formulate a project. See paragraph **9.15.5** below for advance planning. Also, limit direct architectural engineering fees to six percent of the predetermined estimated construction cost of a project or part of a project to which architectural work applies (10 U.S.C. 9540).

9.13.8. Funding Major Construction:

9.13.8.1. Major military construction projects include all acquisition and construction, additions, expansions, extensions, conversions, alterations, or replacements of facilities with (a) costs above the amount specified by law as the maximum amount for a minor construction project or (b) any project, regardless of cost, approved as a specific line item in the Military Construction budget request.

9.13.8.2. When determining the costs of a major construction project, include:

9.13.8.2.1. Surveys and site preparation.

9.13.8.2.2. Acquiring, converting, rehabilitating, and installing facilities.

9.13.8.2.3. Acquiring and installing real property installed equipment and appurtenances.

9.13.8.2.4. Acquiring and installing supporting facilities (including utilities) and appurtenances.

9.13.8.2.5. Supervising, inspection, and overhead (SIOH).

9.13.8.2.6. Developing and supporting design for construction projects after construction award (includes change orders, value engineering proposals, and as-built drawings).

9.13.8.3. Exclude from major construction those costs identified as minor construction, planning and design, or supporting activities.

9.13.9. Funding Emergency Construction (10 U.S.C. 2803):

9.13.9.1. Follow these general guidelines for emergency construction -- construction without authorization and appropriation. The Military Departments may do emergency construction if the requirement is so urgent that the project deferral for inclusion in the next Military Construction Authorization Act would be inconsistent with national security requirements, health, safety, or environmental quality. Note: Reserve Components cannot request emergency construction.

9.13.9.2. SAF/IEI notifies, in writing, the appropriate committees of Congress of the decision to carry out a project under Sec 2803 including the following::

9.13.9.2.1. Justify and estimate the project cost.

9.13.9.2.2. Justify as emergency construction.

9.13.9.2.3. State the source of funds for the project.

9.13.9.2.4. After Section 2803 10 U.S.C. notification, SAF/FM will request a reprogramming in accordance with DoD FMR 7000.14-R, Volume 3, Chapter 7.

9.13.9.3. The Air Force must finance emergency construction projects within amounts appropriated for military construction that have not been obligated for other purposes. The maximum amount that each Service may obligate in any fiscal year is established by law (currently \$50 million).

9.13.9.4. Construction may not start until the Congressional notification is made, the notification period has expired, and the reprogramming of funds has received approval of the appropriate Congressional committees.

9.13.9.5. Except as otherwise specified, follow the same restrictions and limitations for emergency construction projects as for major construction projects. Also, identify and treat costs for emergency construction projects in the same way as those for major construction projects.

9.13.10. **Funding Contingency Construction:**

9.13.10.1. Before using Contingency Construction authority (10 U.S.C. 2804), the Air Force must:

9.13.10.2. Determine for each project financed under this authority that waiting to include it in the next Military Construction Authorization Act would be inconsistent with national security or national interest.

9.13.10.3. Obtain the Secretary of Defense approval.

9.13.10.4. Notify the House and the Senate Committees on Armed Services and Appropriations.

9.13.10.5. Wait 30 days after notifying Congress before obligating funds.

9.13.10.6. The individual Services seldom use this authority. The Secretary of Defense will approve a project only if it directly supports a Defense-wide effort and the Service can justify why it can not use its own emergency authority.

9.13.11. **Facilities for Operational Requirements (10 U.S.C. 101(a)(13)(A)) (See AFI 32-1032, IC 2002-1, Chapter 7).**

9.13.11.1. **The fund source for facilities under this authority is the Air Force O&M (3400) Appropriation. Section 2808 of the FY04 National Defense Authorization Act (NDAA) (P.L. 108-136) initially established this authority but it has never been codified and must be renewed each year by the current NDAA to remain in effect. The construction is required for operations in support of a declaration of war, the declaration by the President of a national emergency under section 201 of the National Emergencies Act (50 U.S.C. 1621), or a contingency operation.** The only location in which this authority may be exercised is the geographical area for which the combatant command conducting the contingency operation is responsible and then, only in the area where actual operations are being conducted. The requirement for projects carried out under this authority should be in immediate and direct support of combat operations or force protection for those engaged in combat operations. It is particularly applicable in countries, friendly or not, where the United States does not currently have a significant permanent military presence. The construction is not to be carried out at a military installation where the United States is reasonably expected to have a long-term presence. **It does not apply to a rear echelon even if that echelon provides support to**

the front-line troops. NOTE: The FY 2004 NDAA Section 2808 states, “The temporary authority provided by this section, and the limited authority provided by section 2805(c) 10, United States Code, to use appropriated funds available for operation and maintenance to carry out a construction project are the only authorities available to the Secretary of Defense and the Secretaries of the military departments to use operation and maintenance to carryout construction projects.”

9.13.11.2. The application of the stated authority does not apply to any facility requirements costing less than \$750,000, as they are provided for under other available authority, such as 10 U.S.C. 2805, *Unspecified Minor Construction*.

9.13.11.3. The facilities to be constructed under this authority will be for an urgent military operational requirement the need for which is not expected to exceed two years, but is so pressing that the use of other authorities would not allow the requirement to be met. Hence, without regard to standard Air Force or Department of Defense facility construction standards, any facility provided under this authority will be designed and built as temporary construction -the minimum necessary to meet the temporary operational requirements. The applied construction standard will recognize that the facility is only being provided to meet a temporary need and will be abandoned at the termination of operational requirements. Projects to which this authority may be applied include erection of facilities, acquisition of temporary interests in land, and design. Such projects may combine work typically considered as construction with work considered as services and may include repair of pre-existing facilities. Use relocatable or semi-permanent construction to the maximum, extent possible. **For further detail, see AFI 32-1032, Interim Change (IC) 2002-1, Chapter 7 Paragraph 7.2).**

9.13.11.4. **Approval Authorities.** OUSD(C) February 27, 2003, memorandum, SUBJECT: *Availability of Operation and Maintenance Appropriations for Construction*, directs that OUSD(C) must approve “any proposals to expend operation and maintenance appropriations for construction necessary to meet temporary military operational exigencies”

9.13.11.5. **Certification and Reporting.** The Air Force component commander will recertify the operational requirement for the facility for continued use beyond the original approved time. SAF/IEI must approve continued use beyond two years. The request must include the original DD Form 1391 and operational justification for continued use of the facility. Requests for SAF/IEI approval will be submitted through the MAJCOM to AF/A7CR for staffing. Both MAJCOM commanders and operational commanders using this authority shall submit a monthly report listing all projects approved under this authority during the previous six months. An operational commander will submit the report through the appropriate MAJCOM Civil Engineer. These reports shall be submitted by the 15th of each month to SAF/IEI with a copy to AF/A7CR for review. SAF/IEI will make appropriate notification to congress no less than once a quarter.

9.13.11.6. **For additional detail on the use of the authority under 10 U.S.C. 101(a)(13)(A) and documentation required, refer to AFI 32-1032, IC 2002-1, Chapter 7.**

9.13.11.7. **Funding for Construction Authority in Event of Declaration of War or National Emergency (10 U.S.C. 2808).** In the event of a declaration of war or the

declaration by the President of a national emergency, the Secretary of Defense may authorize the Service Secretaries to undertake military construction projects not otherwise authorized by law that are necessary to support such use of the armed forces. The source of funds must come from funds already appropriated for military construction, including funds appropriated for family housing, that have not been obligated.

9.13.11.8. AF/A7C submits a request to the Secretary of Defense through USD(AT&L), following procedures outlined in DoDD 4270.5.

9.13.11.9. The authority to carry out projects under 10 U.S.C. 2808 will terminate at the end of the war or national emergency.

9.13.12. Funding Unspecified Minor Construction. Minor construction projects include all acquisition (except land), new construction, addition, expansion, extension, alteration, conversion, replacement, or installation of permanent or temporary facilities (except family quarters). Follow this guidance:

9.13.12.1. The funded cost of the project may not exceed the amount specified by 10 U.S.C. 2805 for the Active components and 10 U.S.C. 18233a. for the Reserve components.

9.13.12.2. Do not include the project in the budget request as a specific line item.

9.13.12.3. Make sure each minor construction authority project results in a complete real property facility or improvement. As much as possible, keep projects consistent with the installation master plan. In your request for approval, clearly show project's relation to the master plan and detail further planned construction to the same or closely related facilities.

9.13.12.4. Notify appropriate congressional committees before starting a minor construction project costing more than \$750,000 for Active components, or \$750,000 for Reserve components. Per 10 USC Section 2805: The project may then be carried out only after the end of the 21-day period beginning on the date the notification is received by the committees or, if earlier, the end of the 14-day period beginning on the date on which a copy of the the notification is provided in an electronic medium pursuant to section 480 of this title.

9.13.12.5. Do not use, on a nonreimbursable basis, materials, supplies, or installed capital equipment items on minor construction projects.

9.13.12.6. Identify a project's end result and relate it to the installation's master plan before you establish it as a minor construction project.

9.13.12.7. See details in AFI 32-1021 for a minor construction project's scope of work under 10 U.S.C. 2805 authority.

9.13.12.8. Do not start incremental-type construction projects. Do not acquire or improve a real property facility through a series of minor construction projects.

9.13.12.9. Notwithstanding any other provisions for approval of minor construction projects, the Air Force cannot propose to complete a project under minor construction authority that Congress previously deleted from proposed military construction authorization legislation or otherwise disapproved.

9.13.13. Funding Restoration or Replacement of Damaged or Destroyed Facilities (10 U.S.C. 2854):

9.13.13.1. The Service Secretary may fund projects without previous legislative authorization and appropriation to repair, restore, or replace a damaged or destroyed facility.

9.13.13.2. The Service Secretary, or his/her designated representative, notifies the appropriate committees of Congress of the decision to restore or replace damaged or destroyed facilities requiring military construction. If military construction is required for restoration or replacement, a military construction reprogramming request is transmitted to the Appropriations Committees according to 10 U.S.C. 2854 and DoD FMR 7000.14-R, Vol. 3, Chapter 7. Include the project justification, the current cost estimate, and the source of funds.

9.13.13.3. Restoration or replacement requiring military construction may be financed from unobligated amounts within Air Force MILCON appropriations.

9.13.13.4. The project may then be carried out only after:

9.13.13.4.1. (1) the end of the 21-day period beginning on the date the notification is received by such committees or the end of the seven-day period beginning on the date on which a copy of the notification is provided in an electronic medium and

9.13.13.4.2. (2) written approval of the reprogramming by the appropriations committees

9.13.14. Funding Supporting Activities (23 U.S.C. 210). This section covers access roads the Air Force requires in conjunction with construction, expansion, improvement, replacement, or relocation of DoD facilities.

9.13.14.1. The Military Surface Deployment and Distribution Command must approve prior to including the project in the President's Budget. Do not use these funds to finance roads within the boundaries of a military reservation. (Charge these highways to major construction, emergency construction, or minor construction programs, as applicable.) Normally you cannot use these funds to finance projects in the regular Federal Aid Primary Systems.

9.13.14.1.1. Finance these projects by either:

9.13.14.1.2. Providing "Defense access roads funds" to the Department of Transportation by a SF 1151, *Nonexpenditure Transfer Authorization*, nonexpenditure cash transfer, or;

9.13.14.1.3. Reimbursing the Department of Transportation for work completed.

9.13.15. Scope of a Military Construction Project. Include the following in the project's scope:

9.13.15.1. All land acquisitions, regardless of cost.

9.13.15.2. All construction efforts or any contribution authorized by law, as specifically authorized by law, necessary to produce a complete and usable facility or improve an existing facility.

9.13.15.3. Real property installed equipment (RPIE) installed in and made part of real property structures or improvements. But, you must (1) exclude all production and moveable equipment, and (2) Disclose the source and cost of all directly associated production and movable equipment when presenting construction programs and budgets.

9.13.15.4. Cost of acquiring or leasing a temporary building to house displaced functions while altering the facility.

9.13.15.5. Construction applicable to a real property facility.

9.14. Costs Financed with Military Construction Appropriations. See [paragraph 9.15.1](#) for capitalized unfunded costs not financed by MILCON appropriations.

9.14.1. Charge all military construction program costs to the military construction appropriations. Include design (Project 313), major construction projects, minor construction projects, supporting activities, military construction overhead, and projects authorized by the U.S. Code or other legislation for funding by appropriations available for military construction.

9.14.2. Charge the military construction appropriation for projects with a funded cost over \$750,000 (current legal threshold). The threshold does not apply to family housing projects. Apply the correct O&M-type funds from Operation and Maintenance (O&M) appropriation, Research, Development, Test and Evaluation (RDT&E) appropriation, or DWCF resources.

9.14.3. **Funded Project Costs.** Funded costs are costs incurred during the construction phases. (Exceptions are in [paragraph 9.15](#)) Charge them to the applicable military construction appropriation. Funded costs include the following:

9.14.3.1. Erecting, installing, or assembling a new facility; extending, converting, or replacing an existing facility; or relocating a facility from one installation to another.

9.14.3.2. All materials, supplies, and services.

9.14.3.3. Shielded enclosures installed and made an integral part of the facility.

9.14.3.4. Communication and utility lines and equipment built into the facility as an integral part of the structure (includes pre-wiring).

9.14.3.5. All real property installed equipment (RPIE) items.

9.14.3.6. Transportation costs of materials, supplies, real property installed equipment, and Government-owned equipment.

9.14.3.7. Labor costs including foreign national construction units, but excluding U.S. military labor.

9.14.3.8. Additional installation overhead or support costs caused by the project.

9.14.3.9. Supervision, inspection, and overhead costs (SIOH) charged when the Corps of Engineers, the Naval Facilities Engineering Command, and the Air Force serve as the design or construction agent.

9.14.3.10. Travel and per diem of applicable military or civilian labor. (applicable only to Design or Construction Agent personnel as part of SIOH).

9.14.3.11. Part of the operation and maintenance costs of Government-owned equipment. Compute costs on an hourly rate, using guidance in DoD FMR 7000.14-R, Volume 11A, Chapter 1.

9.14.3.12. Shop rate less military labor portion.

9.14.3.13. Centrally managed or procured equipment items included as part of a construction project on a direct cite or reimbursable basis. You may provide these items to a construction contractor as government-furnished equipment to promote or maintain standardization of certain types of equipment.

9.14.4. **Overhead Expenses.** Start by financing all overhead expenses from the performing military construction appropriation, including work for others. Then, distribute these expenses to projects, including work for others. Military construction overhead includes:

9.14.4.1. Personal services (and support costs) at field and headquarters activities related to the military construction program.

9.14.4.2. Contract administration.

9.14.4.3. Military construction program and project management (including post construction evaluation).

9.14.4.4. Technical direction and coordination of projects.

9.14.4.5. Land planning studies or reports, appraisal, and title search after congressional authorization of a land acquisition or exchange.

9.14.4.6. Project management and administration not otherwise identified above.

9.14.5. Reimbursable Project Costs. The appropriation or funds financing a construction project shall reimburse other appropriations or funds, applicable, for cost initially financed by another appropriation or fund. Reimbursement between appropriations shall be made by use of an SF 1080, "Voucher for Transfers Between Appropriations and/or Funds," on a no-check basis.

9.14.6. Military Construction Project Costs Not Requiring Specific Authorization.

9.14.6.1. AF/A7C may fund planning and design efforts, as addressed in paragraph **9.13** before receiving specific project authorization.

9.14.6.2. AF/A7C may fund the following efforts without specific Congressional Authorization Act approval:

9.14.6.2.1. "Emergency construction projects, to the extent otherwise approved by the SAF/IEI, according to the procedures in **paragraph 9.13.6** above, and AFI 32 1021. Congressional notification is required and appropriate Congressional committees must approve, in writing, the reprogramming of funds.

9.14.6.2.2. Restoring or replacing damaged or destroyed facilities, to the extent otherwise approved by the Air Force and the Congress according to procedures in paragraph 9.13.10., above, and AFI 32-1021. Congressional notification is required and appropriate Congressional committees must approve, in writing, the reprogramming of funds

9.14.6.3. For all other efforts chargeable to military

construction appropriations but not specifically exempted by law, the Air Force must obtain authorization of the specific project before incurring costs.

9.15. Financing Efforts by Other than Military Construction Appropriations:

9.15.1. Unfunded costs are those that (a) contribute to a military construction project, (b) are chargeable to appropriations other than military construction, and (c) are not reimbursed by appropriations available for military construction. You must **capitalize** unfunded costs as part of the real property investment. Include these costs:

9.15.1.1. Costs chargeable to military personnel appropriations (except the shop-rate-funded part).

9.15.1.2. Costs for depreciation of Government-owned equipment (see guidance on "asset use charges" in DoD FMR 7000.14-R, Volume 11A, Chapter 1).

9.15.1.3. Materials, supplies, and real property installed equipment items obtained specifically for a project on a nonreimbursable basis. (These are excess distributions from either another Military Department or Defense Agency or from other Government agencies.) A Military Department may not use materials, supplies, or items of installed capital type equipment on its own minor construction projects on a nonreimbursable basis.

9.15.1.4. Unfunded DoD civilian personnel fringe benefit rates as may be found at <http://comptroller.defense.gov/rates/index.html>. Overall reimbursable policy is found in DoD FMR 7000.14-R Volume 11A.

9.15.1.5. Gifts from private parties.

9.15.1.6. Donated labor and materiel.

9.15.2. The following costs are not construction. Charge them to O&M appropriations; RDT&E appropriations; procurement appropriations; or DWCF resources, as appropriate.

9.15.2.1. Items of equipment that are movable in nature and not affixed as an integral part of a facility. This includes all types of equipment that can be detached or removed without damage to the facility such as production, processing, technical, training, servicing, and RDT&E equipment.

9.15.2.2. Ancillary equipment such as uninterruptible power supply (UPS) and power attenuation equipment that supports a specific piece of movable equipment.

9.15.2.3. Any installation mountings and connections for operational equipment that detach without damage to the building or equipment. Include those that may be in the building design.

9.15.2.4. Alteration costs to install movable equipment not affixed as an integral part of a facility.

9.15.2.5. Cost of furnishings required to occupy the facility.

9.15.3. The following guidance applies to installing or placing movable equipment in an existing facility:

- 9.15.3.1. Charge costs of installing or placing movable equipment (including ancillary equipment associated solely with the major items) to Other Procurement (57*3080) or O&M type funds using current expense or investment criteria.
- 9.15.3.2. The use of "turn-key procurement" in a contracting action does not preclude or create any exception(s) to the legal use of appropriated funds.
- 9.15.3.3. An upgrade, alteration, conversion, or expansion of an entire existing facility is funded as construction. The movable and detachable equipment (non-RPIE) is still funded according to guidance above.
- 9.15.4. Do not charge construction for installation or relocation costs of moveable or detachable operational equipment items. Charge such costs to O&M appropriations; RDT&E appropriations; procurement appropriations; or DWCF resources as appropriate:
- 9.15.4.1. Prefabricated screens, partitions, special foundations, false floors, platforms, shielding for electromagnetic radiating services, and prefabricated clean rooms.
- 9.15.4.2. Temporary removal and reinstallation of portions of existing walls, roofs, utility systems, and appurtenances to permit installation of equipment.
- 9.15.4.3. Secondary utility work needed to connect equipment to existing utility services within a facility. This work would connect the primary entry or source of utilities into the structure and the equipment.
- 9.15.4.4. Air conditioning for equipment only.
- 9.15.5. Charge advance planning to O&M accounts (before design instruction from Air Staff). Advance planning functions include:
- 9.15.5.1. Developing requirements for a military construction project.
- 9.15.5.2. Developing an installation master plan.
- 9.15.5.3. Studying alternative sites.
- 9.15.5.4. Developing and validating documentation for military construction project before starting project design.
- 9.15.5.5. Preparing engineering analysis and studies to develop technical design parameters before starting project design.
- 9.15.5.6. Preparing environmental impact assessments and statements.
- 9.15.6. Charge all family housing construction projects to applicable family housing appropriations.
- 9.15.7. Charge the project cost to appropriations other than the military construction appropriation when the project cost:
- 9.15.7.1. Comes from recyclable material sales funds according to DoD 4160.21-M, *Defense Materiel Disposition Manual*, and 10 U.S.C. 2577.
- 9.15.7.2. Does not exceed 50 percent of the amount established by law as a maximum amount for minor construction projects.

9.16. Authorization, Appropriation, Obligation, and Expenditure Restrictions:**9.16.1. Program Restrictions:**

9.16.1.1. You must have specific authorization for work performed under major construction programs unless the project is under:

9.16.1.1.1. One of the authorities provided by Title 10, U.S.C., sections 2233a, 2672, 2672a, 2675, 2803, 2904, 2805, 2808, 2810, 2854, or

9.16.1.1.2. Other authorities used to carry out a project not otherwise specifically authorized.

9.16.1.2. *The Authorization Act* contains the authorization and, usually, a limitation on total project costs. Do not exceed the total amount authorized for any appropriation. But, in certain circumstances, individual cost limitations authorize overruns, within stated percentages.

9.16.2. Handling Obligation and Expenditure Restrictions. All levels of command must:

9.16.2.1. Comply with DoD FMR 7000.14-R, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations*, and the Antideficiency Act.

9.16.2.2. Establish adequate funds control according to DoD FMR 7000.14-R, Volume 4 to ensure that the Air Force completes individual projects consistent with authorized purposes and within authorized and available funds.

9.16.3. Unless otherwise specifically provided for, the cost estimate for each project approved by the Congress is not a separate statutory cost limitation. Report scope or financial changes in previously approved individual projects, through Air Staff channels, in advance, to appropriate Congressional Committees for their approval in accordance with Title 10 requirements. First, obtain proper clearance within DoD and OMB as necessary.

9.16.4. Apply limitations at the project level for major construction and at the budget activity level for minor construction, planning and design, etc.

9.16.5. The Air Force may realign resources between projects consistent with DoD FMR 7000.14-R, Volume 3.

9.16.6. SAF/FMB issues funding authorizations (subdivisions of appropriated funds) to incur obligations to MAJCOMs, Design Agents, or Construction Agents responsible for construction, and to MAJCOMs responsible for MFH O&M. SAF/FMB will issue only one construction appropriation funding allocation to any operating agency. Operating agencies will issue only one fund allotment from any allocation to each operating unit.

9.16.7. SAF/FMB and each operating agency must include on each allocation or allotment only the additional obligation limitations established by OMB or the Secretary of Defense, or as otherwise required by the Congress or the President. Every level of command must comply with separate limitations imposed on total costs by legislative authorizations and by administrative action connected with all budgetary and funding actions as well as with program execution.

9.16.8. When you do construction work or services for another Military Department, Defense Agency, or another Federal agency, do so on a reimbursable basis based on the

orders to be reimbursed to your construction appropriation. (There is one exception: Army Corps of Engineers, Naval Facilities Engineering Command or the Air Force Civil Engineer may do work or services for the Department of the Air Force and the Federal Emergency Management Agency under allocations or allotments.)

9.16.8.1. Do not establish transfer appropriation accounts for any such work.

9.16.8.2. Do not provide funding advances to finance orders given for work or services.

9.16.8.3. Do not do work or services under a direct "citation of funds", (i.e., direct charge by the performing unit and or activity to the funds of the ordering unit and or activity).

9.16.9. When doing reimbursable work or services under a construction appropriation, MAJCOMs and operating units must limit costs according to the terms of the orders received. Include estimates of reimbursable orders received or anticipated in your operating budgets.

9.16.10. Do not spend more than 6 percent of the estimated project cost on producing and delivering designs, plans, drawings, and specifications for any public works or utilities project according to Title 10, U.S.C. Sections 4540, 7212, and 9540. Exclude these indirect costs from the 6 percent threshold:

Table 9.4. Excluded Indirect Costs from 6 Percent Threshold.

Design reviews	Determining program or project
Advertisements	Requirements
Preparing Invitations for Bids (IFB),	Design development criteria
Requests for Proposals (RFP),	Environmental impact statements and supporting data
Land survey	Travel and per diem, etc.
Soils and or other investigations and model studies	

9.16.11. Handling Certifications of Costs:

9.16.11.1. As directed in DoD FMR 7000.14-R, Volume 3, Chapter 17, Subparagraph 170403, MAJCOMs and operating units responsible for construction projects must prepare the certification of incurred costs.

9.16.11.1.1. These certifications include statements of total cost incurred on the project, the funded and unfunded part of total costs, and a statement that funded costs incurred do not exceed authorized amounts.

9.16.11.1.2. Disclose authorized amounts and the approving authority with the statement of total and funded costs.

9.16.11.2. Prepare the certification within 60 days after the project's completion. The installation commander, the responsible civil engineering official, and the responsible fiscal official sign the certification.

9.16.11.3. Retain a certification copy at each level of command that maintains project files.

9.17. Phases of Military Construction. See [Attachment 5](#).

Chapter 10

OPERATION AND MAINTENANCE, AIR FORCE, APPROPRIATION

Section 10A—Scope

10.1. Purpose. This chapter applies to all levels of command that use these appropriations:

10.1.1. Operation and Maintenance (O&M), Air Force, 57*3400.

10.1.2. Research, Development, Test and Evaluation (RDT&E) 57*3600, appropriation for AFMC-controlled installations Management and Support Funds and AFSPC.

10.1.3. **Statutory Prohibition. O&M (3400) funds are not to be used for the operation, repair, and maintenance of Military Family Housing. The Military Construction Appropriations Act of FY 2000 (P.L. 106-52, Sec. 128) directs that “funds appropriated in the Military Construction Appropriations Acts for operation and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including flag and general officer quarters”** (See AFI 32-6002, *Family Housing Planning, Programming, Design, and Construction*).

10.1.4. **Transportation Subsidy.** Consistent with OMB Circular A-11, agencies are to report the costs of this program in Object Class 12.1, *Civilian Personnel Benefits*, and 12.2, *Military Personnel Benefits*. Transportation subsidy costs for the affected individuals will be budgeted in the same appropriation/fund that pays compensation costs. Therefore, civilian personnel transportation subsidy benefit should be budgeted in the appropriation/fund which finances their compensation and the military personnel transportation subsidy benefit will be budgeted in the appropriate military personnel appropriation. Compensation costs are those that are reported in Object Class 11, *Personnel Compensation*, for the appropriation.” (OSD Comptroller Sep 12, 2000 Memo, Subject: Fiscal Year (FY) 2002/2003 Defense Budget Review – Additional Guidance)

10.1.5. **Parking Expense Reimbursement for Certain Members and Civilians.** See JFTR (U3550) and the JTR (C2600). **This authority does not permit contracting for parking.**

Section 10B—Temporary Duty Travel (TDY)

10.2. Funding TDY Costs:

10.2.1. As a rule, each Air Force activity must pay for its personnel’s TDY expenses using regular administrative or operating funds. AFI 65-103, *Temporary Duty Orders*, shows how to curtail official travel and reduce costs. This section assigns funding responsibilities for special TDY categories. **Use only EEIC 409 for all TDY expenses.**

10.2.2. **When travel overlaps two fiscal years,** make sure the orders-issuing activity cites the accounting classification codes for both fiscal years on the travel request or order. Specific direction in the DoD FMR 7000.14-R, Volume 9, Chapter 2, Subparagraph 020601 states, “In the event of a trip that is initiated using currently available fiscal year funding, but which requires new fiscal year funding to continue or complete the travel, the traveler shall return to his or her official duty station if no appropriation act has been signed or no

continuing resolution has been passed to make available new fiscal year funds”. It concludes, “Expenses incurred in returning to the traveler’s duty station will be posted in the new fiscal year as necessary costs to close down operations”.

10.2.3. Supervisors should strongly encourage military members and civilian employees to use government quarters when they are TDY to a military installation where adequate on base quarters (as defined in AFI 34-246, *Air Force Lodging Program*) are available. Follow government quarters use/availability guidance in JFTR, Volume II, U1045 for military and JTR, Volume 2, C1055 for civilians. But do not apply this rule to civilian employees whose duties require official travel for more than 50 percent of their basic administrative workweeks during a fiscal year (JTR, Volume II, Paragraph C1055). For TDY, anywhere other than a military installation, do not require anyone to commute to the nearest military installation to occupy government quarters. If members voluntarily use quarters at a nearby military installation, do not require them to use available messing facilities. MAJCOMs may encourage members or employees to use government facilities when it is economical and consistent with mission requirements.

10.2.4. **Retention of Promotional Items on TDY.** A traveler on official business traveling at Government expense on the funds of an agency may keep promotional material (including frequent traveler benefits such as points or miles, upgrades or access to carrier clubs or facilities for personal use. (See FY 02 NDAA, Sec. 1116; JFTR, Chapter 1, Part B, Paragraph U1200; JTR Chapter 1, Part D, Paragraph C1200.)

10.2.5. **Conferences/Approval Authorities.** SAF/AA is the final approval authority. A guidance memorandum is forthcoming.

10.2.6. The requesting organization will fund manning assistance TDY. This does not alter existing funding responsibilities for mission related travel.

10.2.7. To comply with OUSD(C) and DFAS policy on simplified travel accounting, **all TDY costs (transportation, per diem, incidentals, excess baggage, lodging, vehicle rental, or any other expense authorized to be paid on the travel voucher) will be accounted for only with EEIC 409.** Do not use any other 40X EEIC to record TDY costs. Additionally, do not use a 2-digit shred of EEIC 409 unless specifically authorized by your command to capture specific travel program data information.

10.2.8. **179-Day Rule.** Air Force members who are TDY in excess of 179 days (to include travel days, training days and days at the final destination) may not require a Secretarial waiver to receive travel payments for TDY/TAD assignments in excess of six months at any one location, as stated in the JFTR Paragraph U2145. The six-month limitation does not apply to “personnel assigned to periods of TDY at more than one location that total more than six months if the period of duty at each location is six months or less.” Travel time and time at an enroute location should not be combined with time at the final destination when determining compliance with the 179-day rule. Because this time is cumulative and not time at one location, a Secretarial waiver is not required to make the travel payment to the member.

10.2.9. **TDY for PME Graduation.** As part of a commander’s, First Sergeant’s, and command CMSgt’s duty requirement to represent the squadron or the Command at PME Graduations, funded TDYs are authorized for them or their designated representative. Per

AFI 36-3003, *Military Leave Program*, Table 7, Item 34 and Paragraph 12.8. (12.8.5.), permissive TDY (PTDY) is authorized for the individual's supervisor or their representative.

10.2.10. TDY for Retirement Ceremonies. Appropriated funds may be authorized by the travel approval authority for the unit or organization hosting a retirement ceremony for TDY travel to the retirement ceremony by an active duty military member or current Federal civilian employee who will officiate or otherwise substantially participate in the ceremony. Funding must be sourced from within existing funds at the local or MAJCOM level. Travel funded using this authority is available to Guard or Reserve members only when they are on Active Duty status. Appropriated funds are not authorized for funding of TDY travel by other individuals (including retired or former military members, or retired or former civilian employees) to preside or participate in a retirement ceremony. Participation means more than mere attendance, it means actual participation, for example, presenting an award or decoration to the retiree or doing the invocation at the beginning of the retirement ceremony. Prior to approval, travel approval authorities must determine that the trip is necessary official business in order to accomplish the Air Force mission effectively and economically.

10.2.11. TDY to Attend Funeral Services of Deceased Military Members. As part of a commander's Air Force duty to represent the unit at funerals for a military member within their organization, funded TDY is authorized for the commander or designated representative when the funeral is conducted away from the member's home station. See AFI 36-3003 and AFI 34-242, *Mortuary Affairs Program*, for additional information.

10.3. Funding Travel Related to Training Courses. Follow these rules to finance travel expenses for attending USAF Formal Training and other training courses:

10.3.1. Civilian Employees. The Employee Development Manager (EDM) within the local Central Civilian Personnel Office (CCPO) normally manages and funds TDY to USAF formal schools or other training, per AFI 36-401, *Employee Training and Development*. The EDM centrally budgets and manages training funds.

10.3.2. Air Reserve Forces (ARF). The student's assigned organization pays the TDY to schools or other instructional courses for ARF members (Air National Guard (ANG) and Air Force Reserve (AFRC)). But, when ordering the student to active duty to fulfill an Air Force mission requirement, apply the funding rules for active duty military personnel (see [paragraph 10.3.3](#)).

10.3.3. Active Duty Military Personnel. In general, if the *Education and Training Course Announcement (ETCA)* (<https://etca.randolph.af.mil>) does not provide an AETC or AFMC funding guidance or if it does not list the course, the member's unit of assignment will pay the TDY cost unless this instruction or other Air Force instructions say otherwise.

10.3.3.1. AETC-Funded USAF Formal Training Courses. AETC or AFMC, as appropriate, pays TDY expenses to attend schools in this category, including travel and per diem from overseas to the Continental United States (CONUS), Air Force point of debarkation (AFPOD), and CONUS Air Force point of embarkation (AFPOE). The *Education & Training Course Announcement (ETCA)* provides the AETC or AFMC funding guidance for these travel orders as well as the conditions a TDY must meet for funding.

10.3.3.2. **Other than AETC-Funded USAF Formal Training Courses.** The member's unit of assignment pays TDY and other expenses to attend schools or other courses of instruction in this category.

10.3.3.3. **Command Operated Schools.** The individual student's or instructor's assigned Air Force activity pays expenses of travel and per diem for students or instructors at command courses.

10.3.4. **TDY for Formal Training Incident to Permanent Change of Station (PCS).** Apply the following guidance whether a member returns to the current duty station before the PCS or goes directly to the new duty station after completing a TDY.

10.3.4.1. AETC or AFMC pays for TDY to USAF formal training courses along with, or incident to, a military PCS, when:

10.3.4.1.1. The Air Force Personnel Center (AFPC) imposes the training requirement in the assignment instructions or

10.3.4.1.2. When the gaining command receives a training quota from AETC or AFMC and properly notifies the losing Military Personnel Flight (MPF).

10.3.4.2. When the gaining command levies formal training requirements, or non-formal training, without the appropriate AETC or AFMC quota, it must pay for the TDY, and provide a proper fund citation to the losing MPF.

10.3.4.3. Charge to PCS movement funds any transoceanic travel costs for directed TDY to CONUS incident to PCS. These costs are a PCS expense. Pay for TDY costs **within** CONUS as discussed above. Transoceanic travel costs include travel from an overseas assignment (includes Alaska and Hawaii) to the CONUS port of entry. When the losing and gaining commands are both non-CONUS, the travel expenses to the CONUS port of entry, and from the CONUS port of debarkation to the gaining command, are a PCS expense. Orders directing the transoceanic TDY must:

10.3.4.3.1. State that the TDY is along with or incident to a PCS.

10.3.4.3.2. Identify the command funding the TDY. Guidance for getting fund cites is in the *Education & Training Course Announcement*: <https://etca.randolph.af.mil>

10.3.4.3.3. Reference the PCS assignment instructions that established the requirement.

10.3.4.4. Charge TDY-Enroute-PCS to attend a command-operated school to the command which operates the school.

10.3.4.5. TDYs en route to PCS are the responsibility of the gaining units for courses that are not identified as AETC funded USAF Formal Training courses and are a requirement of the gaining unit. If the required training is a requirement of the losing unit, then the losing unit must bear the cost. Cost not covered by the PCS for a course not identified as an AETC funded USAF Formal Training Course is the responsibility of the gaining unit.

10.3.5. **Screening School Candidates.** Make sure candidates scheduled for TDY to school qualify to enter the training program. If the training activity finds a person unqualified, the

person's unit of current duty assignment will pay all costs for the TDY. If necessary, before settling the member's travel claim, the issuing activity will amend the orders to show that the unqualified person's unit pays for the TDY.

10.3.6. Guest Lecturers. The command that directs or makes the invitation will pay travel expenses of all guest lecturers.

10.3.7. TDY-Enroute-PCS for Security Assistance Organizations (SAO). The Air Force funds military specialty training refresher training and language, advisor, management (except for DISAM funding of DISAM courses), and other training required to qualify people for SAOs. The Air Force District of Washington (AFDW) will budget and fund for TDY-Enroute-PCS required for this purpose in PEC A1010F. Charge orientation training and briefings at unified commands and Washington, DC to appropriate security assistance funds.

10.4. Funding TDY for Special Technical and Flying Training. Charge to AETC training established by AETC under AFI 36-2201, *Air Force Training Program*. Otherwise, unless otherwise directed, charge these costs to the MAJCOM to which the individual is assigned.

10.5. Funding TDY for Field and Mobile Training (AFI 36-2201). Apply these rules to fund TDY travel of students and instructors to field training detachments (FTD) or to attend training conducted by mobile training teams (MTT):

10.5.1. The organization of the parent command to which a person is assigned funds students trained by FTDs or MTTs attached to their parent command.

10.5.2. AETC funds students trained by FTDs or MTTs attached to other than their parent command only if AETC has allocated training quotas. Otherwise, the student's parent command funds the TDY.

10.5.3. The instructor's assigned FTD or MTT funds intracommand travel of FTD or MTT instructors ordered by that command.

10.5.4. AETC funds intercommand travel of FTD or MTT instructors.

10.5.5. AETC funds for the TDY of MTT instructors to and from technical training centers.

10.6. Funding Travel of Air Force Military Applicants for the United States Air Force Academy (USAFA). Use the applicant's assigned unit's O&M funds to pay TDY of Air Force military applicants for the USAFA under AFI 36-2019, *Appointment To The United States Air Force Academy*. The military member concerned bears the cost of travel for examination to compete for congressional nomination.

10.7. Funding Travel to Support Initial Operational Test and Evaluation (IOT&E) or Developmental Test and Evaluation (DT&E). The Air Force Operational Test and Evaluation Center (AFOTEC) will use RDT&E to pay the costs of TDY travel for people assigned to commands and operational units that provide collateral support to the IOT&E effort. See Chapter 14 for TDY funding connected with RDT&E.

10.8. Not Used.

10.9. Funding Travel for Air Force Recruiters. AETC funds these costs.

10.10. Funding Travel Related to Ferrying Aircraft. See AFI 11-207, *Combat Aircraft Delivery* for related guidance. Pay for deliveries as follows:

Table 10.1. Budgeting and Funding for Aircraft Ferrying:

Category of Aircraft Ferrying	Budgeted and Funded By
Intracomband Ferrying.	The MAJCOM concerned.
Intercommand Ferrying within the CONUS:	
Ferrying to and from AFMC's facilities (including manufacturers plants, storage installations, civilian and military modification centers, and depots).	The MAJCOM involved, other than AFMC.
If the aircraft are being assigned to a recipient command.	The recipient command.
Intratheater Aircraft Delivery Overseas.	<p>The theater concerned:</p> <p>If the source and destination of MAP aircraft are within the same overseas theater.</p> <p>The delivery is to surface ports for surface shipment, if both the surface port and source are within the same theater.</p>
Unit Movement.	The MAJCOM responsible for a unit being moved.
<p>Ferrying by Air Combat Command (ACC) (Excludes Unit Movements). Includes ferrying:</p> <p>Between the CONUS and oversea theaters or between oversea theaters (except intracomband) for the Air Force, ANG, and MAP.</p> <p>From AFMC facilities to ports for surface shipment. (The receiving command moves this aircraft from the over seas port of debarkation as an intracomband movement).</p> <p>Between other points within CONUS such as manufacturers' plants, storage installations, modification centers, and depots; but not from any of the above specified facilities to recipient CONUS command.</p> <p>Between overseas theaters and CONUS AFMC facilities if such aircraft are scheduled for movement to and from inspect and repair</p>	The MAJCOM to which the aircraft is assigned for aviation POL and other enroute aircraft expenses. ACC for aircrew expenses. ACC provides a fund citation at the time crews are requested from other commands to meet workloads ACC air crews can not do.

Category of Aircraft Ferrying	Budgeted and Funded By
as necessary (IRAN) modification and retrofit facilities.	
Ferrying by MAJCOM:	
Aircraft transferred from Army and Navy to the Air Force from point of acceptance.	The recipient MAJCOM.
Transfer of aircraft within the command, both Intratheater and intertheater.	MAJCOM.
Deliveries of their aircraft to ports for overseas Shipment.	MAJCOM.
Ferrying Within the Air Reserve Forces (USAFR and ANG).	The USAFR and ANG.
Ferrying to, from, and between, AFMC facilities when USAFR or ANG aircraft are scheduled for IRAN, modification, or retrofit.	The USAFR and ANG.
Ferrying of aircraft between command units (intercommand).	
Ferrying between USAFR units.	Recipient command, if aircraft are being assigned to that command.
Delivery of aircraft between ANG units.	Air Reserve (Robins AFB).
	The Air Force Division of the National Guard Bureau.

10.11. Funding Travel of Escorts for Dependents of Deceased or Missing Air Force Military Personnel. Charge escort TDY to the operating funds of the order issuing activity except when an AFMC passenger-control agency issues the order at an overseas commander's request. In this case, cite the requesting agency's O&M funds. The base mortuary officer certifies fund availability, then prepares and approves payment vouchers (AFI 34-242).

10.12. Funding Travel to Attend Meetings of Technical, Professional, Scientific, and Other Similar Organizations. If approved by proper authority, charge TDY expenses to the O&M-type funds of the attendee's organization of assignment.

10.13. Funding Attendance at National Rifle and Pistol Matches by Air Force Personnel. MAJCOMs may authorize people to take part in matches sponsored by the National Rifle Association. Charge a participant's TDY to the command's O&M funds. AFPC/DPASF pays the TDY for teams sponsored by HQ USAF.

10.14. Funding Travel Related to Logistics Evaluation of Independent Research and Development (LEIR&D). The Air Force Coordinating Office for Logistics Research (AFCOLR) budgets and funds travel related to LEIR&D, upon mutual agreement between AFCOLR and the traveler's unit of assignment.

10.15. Funding Travel Related to Disability Retirement Processing Under AFI 36-3212, *Physical Evaluation for Retention, Retirement, and Separation*. For TDY of military members directed to meet medical or physical disability boards to determine eligibility for retention, disability retirement, or separation, charge O&M funds of the medical facility that directed the action. Charge TDY travel of temporary retired military personnel to take physical examinations to funds made available to AFPC.

10.16. Funding Witness Travel. **Table 10.2** defines travel funding responsibilities for witnesses required for boards, investigations, and courts-martial. The type of travel is "intercommand" when the individual requested is assigned to a different MAJCOM than the convening authority exercising jurisdiction over the case at the time of the request. It is "intracommand" when the individual requested is assigned to the same MAJCOM as the convening authority exercising jurisdiction over the case at the time of the request. When a convening authority is identified as the funding authority, the convening authority at the time the travel is required provides the funding. For example, a special court-martial convening authority who orders an Article 32 investigation funds applicable travel for the investigation. See AFI 51-201, *Administration of Military Justice*, for guidance when AFLOA/JAJM is identified as the funding authority.

Table 10.2. Funding for Travel Connected with Administrative Boards or Disciplinary Procedures.

R	A	B	C
U			
L		and the type	
E	If the witness is	of travel is	then travel is funded by
1	Involved in an Aircraft Accident Investigation		See paragraph 7.14.

R U L E	A	B	C
	If the witness is	and the type of travel is	then travel is funded by
2	Involved in an Administrative Board		Convening Authority
3	Accused	Intercommand	AFLOA/JAJM (See note 1)
4		Intracommand	Convening Authority (See note 1)
5	Military Judge		USAF Judiciary circuit to which assigned
6	Trial Counsel		Convening Authority (See note 2)
7	Defense Counsel		(See note 3.)
8	Investigating Officer		Convening Authority (See note 2)
9	Individual Military Defense Counsel (IMDG)		(See notes 3 & 4.)
10	Court Member		Convening Authority
11	DAF Civilian Employee	Intercommand	AFLOA/JAJM
12		Intracommand	Convening Authority
13	Other DoD Civilian Employee		Convening Authority
14	Member of other Service		Convening Authority (See note 5)
15	Civilian (non-DoD and non-Federal)		Convening Authority
16	AF Active Duty Military	Intercommand	AFLOA/JAJM
17		Intracommand	Convening authority
18	Threatened Airman		(See note 6).
19	Confidential Source (AFOSI)		(See note 6)
20	AFOSI Agent		HQ AFOSI (See note 7)
21	Expert Witness (Urinalysis)		AFLOA/JAJM (See note 8)
22	Non-DoD Federal Civilian Employees (FBI, USPS, etc.)		Convening Authority (Exception – see note 9).
23	Reservist (Active Duty)	Intracommand	Convening Authority
24		Intercommand	AFLOA/JAJM
25	Reservist (Non-Active Duty)		Convening Authority.
26	Government Representative		Convening Authority (See note 2)
27	ANG Member		Convening Authority (See note 10).
28	Prisoner (appearing as witness)		(See note 11).
29	Prisoner Escort		Convening Authority (See note 11)

R U L E	A	B	C
	If the witness is	and the type of travel is	then travel is funded by

NOTES:

1. The JFTR, Volume 1, Chapter 7, Part O, covers travel of members for disciplinary action. The TDY orders for members traveling as an Accused must include a statement "member not entitled to per diem expenses in connection with disciplinary action".
2. Funding by USAF Judiciary circuit to which assigned **ONLY** for USAF Judiciary Members. The Convening Authority funds costs for other individuals.
3. The USAF Judiciary Circuit to which assigned when the attorney-client relationship was formed.
4. AFLOA/JAJM will fund if the IMDC is not assigned to the USAF Judiciary at the time the IMDC request is made and had no prior attorney-client relationship with the requestor on the matter in issue.
5. The JFTR, Volume 1, Paragraph U7060 directs that travel expenses of members summoned as witnesses shall be paid from funds of the requesting Service.
6. Submit requests through local AFOSI detachments. Fund according to the status of the person requested (e.g., AF Active Duty, Reservist, ANG, civilian, etc. as noted in the table).
7. AFOSI agents assigned as defense investigators to an accused and defense counsel are funded by the Convening Authority.
8. For expert witnesses in urinalysis cases, request AFLOA/JAJM funding in accordance with AFI 51-201, *Administration of Military Justice*. All fees in excess of AFLOA/JAJM established fee limits shall be paid by the convening authority. The Convening Authority funds civilian expert consultants and lab technicians in urinalysis cases.
9. Funding for testimony of Federal civilian employees belonging to non-DoD Agencies is a Convening Authority responsibility. However, if a non-DoD Federal civilian employee is being called to present testimony in a case that involves an activity in connection with which he or she is employed, funding from the employing agency may be possible. See 5 U.S.C. 5751 and 28 CFR, Part 21, Section 21.2(d). The Comptroller General has defined the extent to which the case must be related to the agency's activity as a condition to the agency's responsibility for payment in 23 Comp. Gen. 47, 49 (1943) which states, "the employing agency is required to pay...the traveling expenses incurred by the employee witness only where the information or facts ascertained by the employee as part of his official duties forms the basis of the case, or where the proceeding is predicated upon law that that agency is required to administer". Funding from other agencies under 5 U.S.C. 5751 should only be sought in situations where the other agency's funding responsibility can be clearly established under the law. Furthermore, if the employing agency is not forthcoming with the funds, ultimate responsibility for funding to ensure the presence of necessary witnesses remains with the Convening Authority.
10. AFLOA/JAJM will fund ANG members who are in Title 10 status at the time travel is required if it involves intercommand travel between the Title 10 duty station and the location of the UCMJ proceeding.
11. The JFTR, Volume 1, Paragraph U7451 and AFI 31-205 cover funding of prisoners and prisoner escorts. The prisoner's travel will be funded according to the status of the prisoner (e.g.,

R	A	B	C
U			
L		and the type	
E	If the witness is	of travel is	then travel is funded by
AF Active Duty, Reservist, ANG, civilian, etc. as noted in the table). The Convening Authority requesting the prisoner's appearance will provide escort funding.			

10.17. Funding Travel Related to Equal Employment Opportunity (EEO) Complaints. Apply this following guidance to fund expenses for individual complaints as well as class complaints of discrimination, (AFI 36-1201):

10.17.1. The DoD Civilian Personnel Management Service (CPMS), Office of Complaint Investigation (OCI) investigates formal EEO complaints for DoD Components. Effective 1 Oct 06, there is a flat fee of \$325.00 for each investigation. The activity where the discrimination allegedly occurred will fund the fee using the Government Purchase Card.

10.17.1.1. The activity will also fund expenses of the Equal Employment Opportunity Commission (EEOC) examiner (as billed by EEOC) and payment for court reporters and attorneys, as well as, travel expenses when a hearing examiner or other authorized official requires travel of non-Air Force people (complainants, representatives, or witnesses) and authorized under JFTR, Volume II, Chapters 4 or 6.

10.17.2. Apply the following guidance for these other situations:

10.17.2.1. The Air Force Civilian Appellate Review Office (AFCARO/AED) pays travel expenses of EEO complaint AFCARO investigations.

10.17.2.2. When a class complaint alleges discrimination at more than one activity, the class agent's permanently assigned activity pays expenses of the EEOC examiner, court reporters, and attorneys (AFI 36-1201).

10.17.2.3. When a hearing examiner or other authorized official requires Air Force people (complainants, representatives, or witnesses) to participate, charge the travel to the Air Force participant's unit of assignment. The activity where the discrimination allegedly occurred pays travel expenses for AFCARO personnel called as witnesses.

10.17.2.4. When a class complaint alleges discrimination at more than one activity, charge authorized expenses of non-Air Force people to the permanently assigned class agent's activity.

10.17.2.5. If a complaint of discrimination is filed against a tenant organization, the tenant pays the hearing costs and attorney fees and costs unless otherwise provided for in a host-tenant agreement (see AFI 25-201). Refer problems between the host and tenant to the parent MAJCOM, Attn: EO Director, for resolution.

10.17.2.6. When the complaint involves a nonappropriated fund (NAF) activity, the host activity bears the costs. The host activity's commander may recoup costs from the NAF instrumentality in cases where a NAF employee is the discriminating official.

10.18. Funding Travel Related to Emergency Leave. If a member is authorized emergency leave that requires movement from overseas to CONUS or from CONUS to overseas, and he or she is:

10.18.1. Permanently assigned to an overseas or CONUS Air Force installation, charge the cost of TWCF airlift to the O&M type funds of the member's unit of assignment.

10.18.2. Permanently assigned to duty on a non-Air Force installation, charge the TWCF airlift cost to the O&M type funds of the member's permanently assigned unit.

10.18.3. Performing TDY, charge the airlift to the same funds that put the member on TDY. You do not need prior concurrence of the financial services officer administering the funds. However, the base or activity issuing the emergency leave order must immediately send a message to the financial services officer containing the emergency leave special order number, date, name and social security number (SSN) of member, accounting classification cited, and estimated amount of the TWCF airlift cost chargeable to the funds. Forward a copy of the orders within 24 hours to the financial services officer who administers the funds cited.

10.19. Funding Dependent Student Travel. When dependent students travel on annual trips from schools in the United States to and from your overseas area, including Alaska and Hawaii, charge these costs to the permanently assigned student's sponsor organization's operating funds. Do not pay this transportation allowance for members assigned to a permanent duty station in Alaska or Hawaii and the child attends school in that state. These costs apply against any limitation which Congress might apply for such travel.

10.20. Funding Medical Related Travel. See this Chapter, [Section 10C](#).

10.21. Funding Travel for the USAF Occupational Measurement Center (USAFOMC). The USAFOMC budgets and funds for travel requirements of subject matter experts from other units who must help the USAFOMC rewrite promotion tests.

10.22. Financing Contract Quarters for Air Force and DoD Employees in a Travel Status (Includes Members of the Active and Reserve Forces). To reduce appropriated fund expenditures for per diem, base billeting offices must arrange contract quarters agreements with commercial motels and hotels to lodge official travelers when on base quarters are not available.

10.22.1. When planning travel, each organization and each unit of the Air Reserve Forces that schedules active duty tours must tell the duty base or bases in advance the number of rooms it needs and for how long.

10.22.2. In general, the traveler will pay the charges for contract quarters. Under the JTR, the traveler gets reimbursed for lodging costs, subject to ceilings for each geographic area. Record the cost against EEIC 409. Use the applicable valid EEIC when the government pays the hotel or motel by check, whether using a separate service contract, blocking a number of rooms under an existing contract (BPA), or other agreement.

10.22.3. For special categories of travel (e.g., formal training, exercises), commands and subordinate activities may continue to acquire contract quarters using procedures where the government pays the hotel directly. When using this method, installations may acquire the

quarters through a separate service contract or by blocking a number of rooms under an existing local contract quarters agreement. Refer questions regarding the appropriate use of this method for financing contract quarters through command channels to SAF/FMBMM. The contract cost daily rate may not exceed the lodging rate, under the lodging-plus concept, for the local area as specified by the Joint Federal Travel Regulations or the Joint Travel Regulations.

10.22.4. This paragraph intentionally left blank.

10.22.5. IMA Reserve personnel in a travel status performing inactive duty training period(s) are to pay for contract quarters. IMA Reservists, assigned to PAS Code 96XXXXXX, may use on-base government quarters or off-base government-contracted quarters during inactive duty for training (IDT). Lodging charges are reimbursed on the SF 1164 and submitted to the IMA travel office at Dobbins AFB for payment. A member in an inactive duty training status is to pay for contract quarters. IMA Reservists, assigned to PAS Code 96XXXXXX, may use on-base government quarters or off-base government-contracted quarters during inactive duty for training (IDT). For on-base quarters, the base billeting officer will process an SF 1034, *Public Voucher for Purchases and Services Other Than Personal*, for the necessary costs and forward to the AFO at Dobbins AFB, GA, for reimbursement. For contract quarters, the IMA will pay for the quarters and send required documentation to HQ ARPC/DROX for reimbursement through the Dobbins FSO/FMA. In both cases, HQ ARPC will provide the funding using EEIC 409. DFAS-DE 7010.5-R and AFI 34-246 contain procedures.

10.22.6. AFI 34-246, Table 1.1. provides specific billeting procedures; Rule 12 for IMAs and Rules 13, 14, and 15 apply to Unit assigned Reserve members. AFI 34-246, Paragraph 1.17.3. covers housing for Reserve and ANG members during emergency and wartime operations.

10.22.7. **TWCF Aircrew Lodging.** Air Force lodging offices administer no fund-type contracts with commercial hotels to support TDY personnel when on-base lodging facilities are not available or inadequate. AMCI (Air Mobility Command Instruction) 65-602, *TWCF Budget Guidance and Procedures* identifies those applicable Air Force CONUS and overseas locations where TWCF funded aircrews may charge their on-base or contract lodging costs to local TWCF funds (Appn 97X4930.FD40). The Government-wide Purchase Card (GPC) is the payment mechanism used to charge the lodging costs of TWCF aircrews who fly airlift missions to/through these locations. Use the applicable valid EEIC to record TWCF aircrew lodging costs.

Section 10C—Medical Support

10.23. Financing Medical Support:

10.23.1. Use the Defense Health Program (DHP) appropriation (97*0130) to finance medical program costs, including operation and maintenance, procurement, and RDT&E but excluding personnel funds for active and reserve military medical personnel. Funds for medical facility military construction are in a single appropriation account (97*0500.1402, Fund Code YS).

10.23.2. Record expenses of civil engineer and communications support provided to the medical program in PECs 86276 (OCONUS – 86376), 86278 (OCONUS – 86378), 87795 (OCONUS – 87995) and 87779 (OCONUS – 87979). Charge expenses of health care services as follows: CONUS Medical centers, hospitals and clinics under PE 87700 (OCONUS -87900), CONUS supplemental care to PE 87743 (OCONUS – 87749), other health activities in PE 87714, military unique requirements in PE 87724, aeromedical evacuation system in PE 87725, military public health or occupational health PE 87705, veterinary services in PE 87760 and CONUS dental services in PE 87715 (OCONUS – 87915).

10.24. Executing the Medical Budget. The Air Force operates the DHP account for our non-combat support medical activities. The Assistant Secretary of Defense, Health Affairs, prepares and submits a unified medical program to provide resources for all medical activities within DoD.

10.24.1. OSD/Health Affairs, through TRICARE Management Activity (TMA), issues funds to AF/ SG, which then issues funds to MAJCOMs/Field Operating Agencies (FOA) for distribution to medical treatment facilities (MTF). The Air Force will continue to pay for applicable military personnel costs centrally using the Military Personnel appropriation. The Military Departments retain civilian medical personnel end strengths.

10.24.2. MAJCOMs, installations and medical activities program, budget and finance medical costs as provided for in DoD guidance and this instruction.

10.25. Expenses Chargeable to Medical Support. Except as indicated in paragraph 10.27., charge all readily identifiable expenses incurred in operating and maintaining medical treatment facilities to medical support (Defense Health Program, 97*0130). Apply the following guidance:

10.25.1. **Civilian Pay.** Charge to DHP the salaries of all assigned civilian employees (except HQ USAF/SG civilian personnel), including employees assigned to nonmedical activities who support the medical facility (such as DHP funded Health and Wellness Center employees).

10.25.1.1. If your base has a Work Information Management System (WIMS), charge the medical facility for civil engineering support based on standard shop rates.

10.25.1.2. Immunizations/Inoculations for PCS moves and Deployments.

10.25.2. Medical Related Travel

10.25.2.1. **Patients.** Charge authorized TDY costs of Air Force military members to receive medical care to funds available to operate the medical facility. TDY costs of non-Air Force military members is the responsibility of the owning military service.

10.25.2.1.1. Medical Referrals within the Local Permanent Duty Station (PDS) Area. POC travel to obtain medical care within the local PDS area is reimbursable only when a member is ordered (see note below) to a medical facility within the local area to take a required physical examination, or obtain a medical diagnosis and/or treatment. When ordered, members are considered to be on official business and must be reimbursed for the transportation, unless government transportation is available (see JFTR U3500). NOTE: “Ordered” in this context is defined as an

order/command that could result in disciplinary action if not obeyed (e.g. commander-directed urinalysis).

10.25.2.1.2. **Medical Referral Travel at the Member's Expense.** Travel to medical appointments within the PDS other than as described in above paragraph **10.25.2.1.1** is not reimbursable.

10.25.2.1.3. **Medical Referral Travel Outside the PDS.** Members on official travel orders are authorized travel and transportation allowances in accordance with the JFTR. Travel must be authorized by proper medical authority.

10.25.2.1.4. **Medical Referral Travel for Government Employees Overseas and Their Family Members.** When local medical facilities (military or civilian) at a foreign OCONUS area are not able to accommodate an employee's needs, transportation to another location may be authorized for appropriate medical/dental care. Health care travel expenses are charged to the operating funds of the employee's organization. Travel and transportation is authorized in accordance with the JTR.

10.25.2.1.5. **Travel to Specialty Care Over 100 Miles.** When MTF TRICARE Prime enrollees (family members or retirees) are referred by the primary care manager (PCM) for medically necessary non-emergency specialty care more than 100 miles from the PCM's office, the patient must be reimbursed for reasonable travel expenses in accordance with the JFTR (U7960). Travel expenses are charged to the MTF.

10.25.2.2. **Military Medical Consultants.** AFI 44-104, *Military and Civilian Consultant Program and Medical Enlisted Career Field Manager Program*, identifies budgeting and funding responsibilities for travel of military medical consultants. Use medical O&M funds of the consultants' supporting facility (such as the regional hospital or area medical center) to pay for all travel and per diem expenses for consultant visits.

10.25.2.3. **Non-medical Attendant Travel.** Non-medical attendants (NMA) are appointed by medical authority.

10.25.2.3.1. **NMAs for Medical Referrals within the Local PDS Area.** Local area travel/transportation, is authorized when serving as NMA for a member on official business, per 10.25.2.1.1.

10.25.2.3.2. **NMAs for Medical Referrals Outside the Local PDS Area.** NMAs assisting patients who are referred to medical facilities beyond the local PDS area will be reimbursed travel/transportation in accordance with the JFTR or JTR, whichever is applicable.

10.25.2.3.3. **Non-Concurrent NMA Travel.** Non-concurrent NMA travel may be authorized/approved when the need for an attendant arises during treatment or there is need for an attendant only during a portion of the patient's travel.

10.25.2.4. **Civilian Family Member of a Seriously Ill or Injured Uniformed Service Member.** A civilian employee, who is authorized travel under a competent travel authorization/order as a family member of an active duty Uniformed Service member who is seriously ill, seriously injured or in a situation of imminent death, is treated as an employee in a TDY status. A TDY travel authorization/order for a family member's travel per JFTR (U5246) must be issued and cite JTR C7800 as authority. The service

member's organization is responsible for funding the employee's TDY travel. Another civilian, not a family member, must be issued an Invitational Travel Authorization and is authorized allowances under JFTR U5246.

10.25.2.4.1. Emergency Family Member Travel (EFMT) program. The Air Force provides round-trip transportation and Per Diem (not DHP-funded) in accordance with the JFTR (U5246) for not more than three designated individuals to the medical facility of a member listed as a very seriously ill/injured (VSI) or seriously ill/injured (SI) casualty when hospitalized in or outside the United States, if the attending physician or surgeon and the commander or head of the military treatment facility exercising military control over the member determine that the presence of the designated individual may contribute to the member's health and welfare for a period of up to 30 days (Title 37, U.S.C, Section 411h). In addition, Per AFI 36-3002, EFMT applies to members who are deployed on OEF/OND CED orders and who are hospitalized and have been placed in a Hostile Not Seriously Ill/Injured (NSI) casualty status.

10.25.2.4.2. Per AFI 36-3002, The Air Force reimburses the designated individuals for cost of travel between their residence and the location of the MTF in which the member is hospitalized; for personally procured commercial transportation such as airfare or driving expenses for travel by privately owned vehicle (POV). Rental car reimbursement is not authorized. If Next of Kin (NOK) are already at the member's bedside, the Air Force does not offer transportation to designated individuals unless the attending physician determines that these NOK are physically or mentally incapacitated and are unable to contribute to the member's health and welfare. Local per diem is authorized to pay for expenses such as food while in the vicinity of the medical facility. Advance payments of per diem are authorized.

10.25.3. **Transportation.** **Section 10E** covers shipments of medical material. Charge shipments containing both medical and other material to Defense Medical Centers, Station Hospitals and Medical Clinics – CONUS (PE 87700), Defense Medical Centers, Station Hospitals and Medical Clinics OCONUS (PE 87900, Other Health Activities (PE 87714), Military Unique Requirements (PE 87724), Aeromedical Evacuation System (PE 87725), Military Public Health or Occupational Health (PE87705), Veterinary Services (PE 87760) and Dental Care Activities – CONUS (PE87715 or Dental Care Activities – OCONUS (PE 87915).

10.25.3.1. **Aeromedical Evacuation (AE) Airlift in Support of Contingency Operations.** In the event that a major contingency operation is declared by the President and SECDEF, AF/SG DHP funds will pay only those AE contingency airlift costs billed by TWCF from the first overseas fixed medical treatment facility (MTF) to the CONUS. When the President and SECDEF have formally withdrawn the contingency designation, entitlement to hostile fire pay ceases, military assignments are no longer based on rotational deployment taskings, and fixed MTFs are available, AF/SG DHP funds will reimburse the TWCF for AE airlift costs from those former contingency areas. See paragraph **10.26.12** on Air Force (AMC) O&M funding responsibility for AE contingency airlift costs.”

10.25.4. **Communications.** Charge telephone service according to ratio of class A telephones installed in the medical facility to total number on the installation. Include in charges switchboard equipment rentals, toll calls, telegraph, and other services used or provided in direct support of the medical program. Exclude pay of civilian telephone operators assigned to hospital switchboard.

10.25.5. **Utilities.** Charge utilities obtained from commercial sources and all base produced utilities per AFI 32-1061. Utilities include fuels for heating and cooking.

10.25.6. **Supplies and Equipment.** Charge both medical and non-medical materiel authorized for base procurement, including organizational clothing and expense type equipment issued to a medical facility. Clothing, supplies, or equipment required for contingency operations or other military operations are chargeable to Line O&M (3400) funds.

10.25.6.1. **Immunizations/Inoculations.**

10.25.6.1.1. **For Permanent Change of Station.** DHP funds for any medical supplies needed for PCS immunizations/inoculations.

10.25.6.1.2. **For Deployments.** Reference DoD FMR 7000.14-R Volume 12, Chapter 23, *Contingency Operations*. Costs incurred in support of contingencies or other military operations are chargeable to the appropriations supporting the operation (i.e., Overseas Contingency Operations, Foreign Disaster Relief and Emergency Response Funds), not the DHP. This includes costs for immunizations/inoculations that are beyond those normally required to sustain the deployment readiness of personnel.

10.25.6.1.2.1. MTFs collect all applicable costs related to specific contingency operations, or other military operations, and report these costs in accordance with TRICARE Management Activity/Health Affairs (TMA/HA) or Air Force Surgeon General Financial Management Directorate (AF/SGY) guidance.

10.25.6.1.2.2. Supplies for immunization/inoculation, which are carried by deploying personnel for possible future use during the deployment, are funded with Line O&M (3400). Charge immunizations/inoculations for forward-deployed personnel (personnel TDY to installation or TDY and enroute to AOR) to Line O&M (3400).

10.25.6.1.3. **For Exercises.** Line O&M (3400) funds for all costs related to exercises, even medical supplies/immunizations required prior to deploying on the exercise.

10.25.6.1.4. **Funding for Medical Participation in JCS Exercises.** Refer to Section 10H--JCS Exercises within this publication. Do not charge the DHP.

10.25.6.1.5. **Funding to Provide Humanitarian Assistance and Civic Assistance (HCA).** Per 10 U.S.C. 401 and DOD Instruction 2205.02, *Humanitarian and Civic Assistance (HCA) Activities*, in specific instances (detailed in referenced statute), HCA activities may be provided in conjunction with authorized military operations of the armed forces. Expenses incurred as a direct result of providing HCA to a foreign country shall be paid for out of funds specifically appropriated for such purpose.

10.25.7. **Laundry and Dry Cleaning.** Charge services for hospital clothing and linens. Include nurses' privately owned uniforms when delivered to the laundry in bulk. If base funds initially finance services, transfer the charges to the medical program as a contractual service.

10.25.8. **Contract Maintenance.** Charge all contractual costs to maintain medical and nonmedical equipment issued to a medical facility.

10.25.9. **Storage of War Readiness Materiel (WRM).** You should generally charge the host installation's base operations program element for storage space, housekeeping, and maintenance costs for WRM storage. But if the space, facility, installation, or complex is solely for the medical program, charge the DHP.

10.25.10. **Autopsies.** Autopsies are funded as follows:

10.25.10.1. Autopsies performed in an MTF are funded with DHP funds.

10.25.10.2. Autopsies performed by civilian pathologists, not employed by the Air Force, are funded with the O&M funds of the organization to which the deceased was assigned. If the deceased member was assigned to the MTF, DHP O&M would fund the autopsy.

10.25.10.3. Autopsies performed on victims of a military aircraft accident, regardless of who performs the autopsy, will be funded with DHP funds.

10.25.11. **Blood Donation Incentive Items.** DHP O&M funds are authorized to provide low cost incentive items such as T-shirts, coffee mugs, or pens to volunteer donors at Air Force blood donor centers for the purpose of maintaining an adequate military blood supply. The use of these funds for that purpose is at the sole discretion of the MTF Commander. (AF/SG 27 Jan 2004 Memo, *Use of Defense Health Plan (DHP) Operation and Maintenance (O&M) Funds for Blood Donation Incentive Items*).

10.25.12. TDY expenses of Medical personnel who are appointed as board members on Accident Investigation Boards (AIB) and Safety Investigation Boards (SIB).

10.25.13. **Health Promotion Incentive Items.** Purchase of items of low intrinsic value, such as pens, coffee mugs, water bottles, key chains, luggage tags, buttons, badges, balloons, Frisbees, or toothbrushes may be purchased if the item conveys an appropriate promotional message intended to educate or reinforce health/wellness programs. For example, such messages may relate to programs such as breast cancer screening, smoking cessation, and dental hygiene for children. Items may not be personalized. Coins may not be procured.

10.25.14. **Professional Licenses for Healthcare Providers.** Ordinarily, the cost of obtaining professional licenses is considered a personal expense. However, in any case in which it is necessary for a member of the uniformed services to pay a professional license fee imposed by a government in order to provide healthcare services at a facility of a civilian healthcare provider pursuant to a Resource Sharing Agreement entered into by the MTF, the member may be reimbursed up to \$500 of the amount of the license fee (10 U.S.C. 1096d). While the license is usually obtained in the name of the member, the primary interest in obtaining the license lies with the Air Force. Any personal benefit that Air Force members receive from the acquisition of the license is incidental to the performance of their official duties. This guidance does not apply to civil service employees and contractors who are

required to be in compliance with local licensure requirements at the time of employment, nor does it apply to healthcare providers whose sole purpose in obtaining the additional license is to engage in off-duty employment. Refer to AFI 44-119, *Medical Quality Operations*.

10.25.15. Funding for Clothing Destroyed During Medical Care. Refer to *Section 10I--Funding for Individual Clothing* of this publication.

10.25.16. Leased Housing for Military Graduate Medical Education (GME) Residents. Leases in support of military GME Resident external rotations must be coordinated by the host MTF via the appropriate Contracting, Legal, and Civil Engineering organizations.

10.25.17. Publication of GME Research Articles in Professional Journals. Per OMB Circular A-21, *Cost Principles for Educational Institutions*, use of appropriated funds for publishing fees are allowable as a necessary part of **research costs**. As such, use of DHP RDT&E funds are allowed when:

10.25.17.1. The research papers report work supported by the Federal Government, and the page/publishing charges are levied impartially on all research papers published by the journal, whether or not by federally-sponsored authors.

10.25.17.2. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling. Publication costs also include page charges in professional journal publications.

10.25.17.3. Publishing fees for articles or research not sanctioned by DHP are not chargeable to any DHP funds.

10.26. Do Not Charge to Medical Support:

10.26.1. Pay of military personnel.

10.26.2. Combat Support Medical Activities. Expenses for tactical medical facilities operated separately from hospitals, including any and all components of the Expeditionary Medical Support (EMEDS) and its support Unit Type Codes (UTC), Air Transportable Clinics (ATC) and Aeromedical staging facilities. Expenses of tactical medical facilities operated separately from hospitals including Air Transportable Field Hospitals, Air Transportable Field Clinics, and Tactical/Mobile Aeromedical Staging Facilities. All biological and chemical warfare (BW/CW) medical supplies deployed with base personnel should not be charged to the DHP. Any expenses attributed to the contingency pre-deployment, employment, and redeployment of medical combat support personnel, equipment, and supplies requested by the combatant commander and approved by proper authority, as well as medical BW/CW items supporting deploying personnel, will be paid by Line (3400) funds. Bases should establish a line Project Funds Management Record (PFMR) and RC/CC for the MTF to use to record these expenses. Use the appropriate ESP code for all transactions.

10.26.3. Common base administrative functions.

10.26.3.1. The MTF is not a tenant on Air Force installations. Therefore, it is inappropriate to charge for services such as use of the chapel, finance office, civilian

personnel office, military personnel office, legal services, contracting, security police services, fire protection, gymnasium, records management, lodging, safety, mail service (postage is chargeable to DHP), etc. These services are construed as common base services.

10.26.4. The cost of compensating civilian personnel when departmental headquarters personnel (HQ USAF/SG) support medical activities. (**NOTE:** Other administrative expenses at HQ USAF/SG (travel, office equipment, furnishings, supplies, etc. **will be** charged to Medical Support (DHP account).

10.26.5. Direct and indirect expenses of military personnel dormitories, including beds, wardrobes, chairs, etc., whether or not medical personnel occupy them exclusively.

10.26.6. Subsistence items (from commercial or government sources) used in a medical-operated food service activity.

10.26.7. O&M costs for mortuary facilities. Charge these costs to the primary O&M budget activity of the host command providing the service (e.g., AMC funds mortuary services at Dover AFB, DE). (See AFI 34-242).

10.26.8. **Funding for Medical Care at Deployed Locations During Exercises and Contingencies.** Charge to primary Line O&M or JCS exercise/contingency funds, medical care provided to members at local indigenous medical facilities. Care in the indigenous facility includes referral care by military medical staff, medical supplies (i.e., pharmaceuticals, orthopedic braces), and urgent/emergency care.

10.26.9. **Funding for Medical Participation in Exercises.** Charge primary Line O&M (3400) or JCS exercise funds for the deployment of the Expeditionary Medical Support (EMEDS). Also, charge the cost of deploying medical personnel TDY expenses (UTC or notional), the cost of supplies used during deployment and the cost of supplies needed for resupply upon return. Additionally, A and B bags for medical personnel are funded from O&M (3400). Medical funds should be used for anything done in the medical facility (i.e., manning assistance, force protection) and reimbursement sought through DHP channels.

10.26.10. Immunizations/Inoculations for Exercises. These costs are chargeable to Line O&M or JCS Exercise funds, as appropriate.

10.26.11. Leasing of vehicles, including ambulances and ambulance buses. This is chargeable to Air Force O&M (3400). (**NOTE:** Ambulance **Service** Contracts, which include contract personnel to operate the ambulances, are funded with DHP (2X) O&M.)

10.26.12. Air Force (AMC) O&M 3400 funds will reimburse TWCF for AE contingency airlift missions from (1) declared contingency areas of operation to the first fixed MTF, and (2) non-stop or one-stop refueling AE contingency airlift missions from the contingency location to the CONUS, in the event a patient requires specialized medical care that necessitates bypassing the nearest theater fixed MTF.

10.26.13. Automated Extended Defibrillators (AED) procured by base organizations for emergency use.

10.26.14. Non-prescription items. Generally, with the exception of Health Promotion items intended to educate or reinforce health/wellness programs, non-prescription items (i.e.,

prevention items such as sunscreen, hand sanitizers, athletic braces/eye protection, etc.) are not procured with the DHP appropriation.

10.26.15. Do not charge Transportation of Human Remains to the DHP. Costs are covered by Mortuary Affairs (see AFI 34-242).

10.26.16. Pay of non-DHP funded civilian positions.

10.26.17. Occupational medical examinations for civilian employees that exceed local Medical Treatment Facility (MTF) capabilities. Fitness for duty examinations and medical surveillance examinations shall be performed through an AF designated healthcare provider (HCP) at no cost to the employee (5 CFR 339.303 & 339.304; 29 CFR 1910). When the local MTF does not have the capability to provide an examination (or a portion of the exam), the AF MTF may arrange to have the examination (lab tests, etc.) in the civilian sector (non-DoD) healthcare community after receiving authorization from the employee's unit commander. The employee's unit commander must also authorize payment for the examination. Payment is made from the same appropriation that funds the employee's salary. In addition to 5 CFR 339, see DoD FMR 7000.14-R, Volume 10, Chapter 11, Paragraph 110218.C., *Civilian Personnel*, which provides (excerpt): the appropriation is chargeable to the operating funds of the DoD activity requiring the physical examination.

10.27. Sales of Subsistence at Medical Facilities. This guidance is per DFAS-DE 7010.5-R, paragraph C9.1.2.2.7.2.

10.27.1. Collections for the Discount Meal Rate. The food services officer deposits collections to the MPA, 57*3500 32* 48 56201 C93A 525725.

10.27.2. Collections for Meal Surcharges, Non-contractor Operated Dining Facilities. Food services officer collections for surcharges are credited to the financing appropriation(s), i.e., DHP O&M, Base O&M and/or the Military Personnel Appropriation (MPA), based on the percentage of local MTF dining hall's military and civilian Full-Time Equivalents (FTE) assigned. For example, if 3 out of 10 MTF dining hall employees are military personnel and the other 7 are DHP funded civil service employees, then 30 percent of surcharge collections should be deposited into the MPA, and 70 percent of the surcharge should be deposited into the DHP O&M.

10.27.2.1. For DHP funded civilian employees, deposit the DHP portion of collections to the DHP O&M (97*0130) using EEIC 599XX and sales code C93A.

10.27.2.2. For all military employees (regardless of whether or not they are DHP authorizations), deposit the MPA portion of collections to the MPA (see 10.27.1.) using Project 562 and sales code C93A.

10.27.3. Collections for Meal Surcharges, Contractor (DHP funded) Operated Dining Facilities. If the MTF (DHP) funds the contract employees, then food service officer surcharge collections are deposited 100 percent to the DHP O&M appropriation.

10.28. Sales of Medical Services. AFI 41-115, *Authorized Health Care and Health Care Benefits in the Military Health Services System (MHSS)* describes the categories and the rates of charges for treating patients for whom the Air Force gets reimbursed for medical services. Reimburse local collections to the program element and appropriation that first bore the cost of

the services. Record central collections as appropriation reimbursements by HQ USAF (Operating Agency Code 43).

10.29. Third Party Payers. The DHP has the right to collect from third party payers for medical care provided by MTFs (10 U.S.C. 1095). Credit collections to the medical facility's DHP O&M account. Funds collected are used to provide enhanced health care services at the treatment facility.

10.30. Procurement of Medical Publications and Printed Material. Charge medical publications and printed material to medical support if procured for medical school programs or for hospitals and other medical treatment facilities.

10.31. Managing the Reimbursable Program:

10.31.1. Operating agencies include funds in appropriate program elements in operating budgets for sales of medical services as:

10.31.1.1. A direct expense for medical services collected centrally.

10.31.1.2. A reimbursable expense for medical services collected locally.

10.31.1.3. DoD 6010.15-M, *Military Treatment Facility Uniform Business Office (UBO) Manual*, provides guidelines for the operation of the MTF business office. It prescribes uniform procedures and accounting systems for the management and follow up of accounts, including recovery, depositing, posting, and reconciliation. It also incorporates procedures for third party collection activities, such as identification of beneficiaries who have other health insurance, coordination of benefits, and recovery of claims.

10.31.2. HQ USAF will:

10.31.2.1. Provide funds in operating budgets to reimburse nonmilitary medical activities for subsistence furnished military personnel authorized subsistence-in-kind.

10.31.2.2. Reimburse the DHP O&M appropriation from collections made centrally from other government agencies (as outlined in AFI 41-115) for medical services and subsistence furnished to beneficiaries of these agencies.

10.32. Health and Wellness Centers (HAWC). Installations operate an integrated health and wellness mission. See Programming Guidance Letter (PGL) 94-8 for a funding breakout by expense element to determine DHP or Base APF responsibility.

10.32.1. Medical Supplies for First Responders.

10.32.2. Per AFI 41-209, para 3.23, the MTF will utilize DHP O&M funds for procurement of expendable supplies for civil engineering (CE) first responders.

10.32.3. Items to be purchased out of this account will be limited to expendable supplies used for on-base response to medical emergencies. Durable supplies (electronic thermometers, etc.), equipment, vehicles or manpower will be funded with CE O&M funds, not DHP. In addition, items procured with DHP funds will not be utilized for training or exercises, including Home Station Medical Response to Chemical, Biological, Radiological, Nuclear and High-Yield Explosives (HSMR to CBRNE) events or exercises.

10.32.4. RC/CC 5890 will be used to issue medical supplies to CE first responders.

Section 10D—Property Disposal Programs

10.33. Defense Reutilization and Marketing Office (DRMO):

10.33.1. The DRMO disposes or sells scrap, excess personal property, lumber and timber products generated by DoD components (see DoD 4160.21-M). Reimburse the local O&M account from the proceeds of such sales only for expenses originally financed by the O&M appropriation.

10.33.2. Reimburse only:

10.33.2.1. Expenses (identifiable net additive costs) designated as reimbursable in the interservice support agreement between the host base and DRMO activities. Examples: telecommunications service, equipment and supplies, and printing and reproduction of DLA-prescribed forms.

10.33.2.2. Expenses that are (1) directly related to the disposal process or the production and sale of forest products, (2) not designated as reimbursable by the support agreement, and (3) reimbursable at departmental level according to the general provisions of DoD appropriations acts. These expenses relate to demilitarization, reclamation, forest products, and certain administrative expenses (for example, TDY, communications, and the cost of printing forms the Air Force prescribes for turning in disposable property to the DRMO).

10.34. Foreign Equity Property. When a foreign country or international organization offers property for disposal sale and then sells through a DoD activity, the DoD activity that sells the property may deposit 20 percent of the gross sales proceeds to their O&M type appropriation. The foreign country or international organization receives the other 80 percent.

10.35. Information Technology Equipment (ITE) owned by General Services Administration (GSA). Net proceeds from sales of GSA owned ITE (also when previously leased by DoD) belong to GSA.

10.36. Funding for Sale of Forest Products. This category includes sawed timber, veneer logs, pulpwood, Christmas trees, post poles, pine straw, stumpwood, bark and other mulch, cones, seeds, mistletoe, firewood, and woodchips.

10.36.1. DLA or another service may serve as the agent for sales of forest products. The agent deposits 100 percent of the sales proceeds to the Air Force's deposit fund account.

10.36.2. DFAS maintains a central deposit fund account for authorized program expenses incurred in the production and sale of forest products. See **paragraphs 5.4.3** and **5.4.3.1** of this instruction and DFAS-DE 7010.5-R Paragraph 29-30. Include in your reimbursable program all related expenses normally funded in the O&M, or Other Procurement (57*3080) appropriations, including minor construction, and the acquisition costs of equipment items used solely for forest operations. Program managers must prepare an economic justification for the equipment. When you employ general-use equipment in forest operations, the O&M or Other Procurement costs are reimbursable program expenses. You may also reimburse for:

10.36.2.1. **Timber Stand Improvement.** Planting, seeding, or natural thinning, pruning, and control of undesirable vegetation is improvement of an existing timber stand.

10.36.2.2. **Reforestation.** This is the natural or artificial regeneration, including planting, the purchase of seed or seedlings, site preparation, and insect, disease, vegetation, and animal control.

10.36.2.3. **Forest Protection.** Protection of a forest that can economically produce forest products, unless a military mission requires the same degree of protection for the forest, including protection from fire, insect, disease, flood, and erosion damage.

10.36.2.4. **Timber Access Roads.** Construction, reconstruction, repair and maintenance of timber access roads and trails and the expenses incurred in the repair of other roads as a result of forest production and harvesting operations.

10.36.2.5. **Sales.** Sales and preparation for sale of forest products, including appraisals, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, and sales administrations, which encompasses compliance inspections.

10.36.2.6. **Management.** Management of the functions listed in this paragraph, including supervising, planning, programming, conducting field surveys and inventories, training, forest fire prevention education, and attendance at forest management related professional meetings.

10.36.3. Do not reimburse expenses for operations related to the land and forest, but actually for other purposes, such as the military mission, recreation, training, general area improvement, and beautification. Also, do not reimburse expenses for protecting forests that can not economically produce forest products.

10.36.4. Do not retain sales proceeds in your base operating budget account. DFAS will distribute 40 percent of the net proceeds at each installation to the installation's state and the balance to 21X5285, Department of Defense, Forest Products Program, Army.

10.37. Precious Metal Recovery Program (PMRP). DLA is the DoD's single manager for the PMRP. The program promotes economical recovery of precious metal from all sources, and provides the reclaimed metals, as needed, to DoD components at recovery cost for use as government-furnished material (GFM) to support of defense contracts. If your installation contributes to the PMRP, charge for:

10.37.1. All readily identifiable incremental recovery costs, including acquiring and replacing silver recovery equipment, plus major maintenance on it.

10.37.2. Transportation costs incurred for authorized shipping of materials from generating activities directly to a collection recovery office or to the DRMO's office for recovering precious metals. Examples of these materials are precious metal scrap such as silver obtained from electrolytic units, or shipment of sludge in silver recovery cartridges.

10.37.3. Costs incurred to turn in excess scrap including film, hypo solution, silver recovery cartridges or sludge containing precious metals are the responsibility of the generating activity.

10.38. Funding Responsibilities for the Qualified Recycling Program (QRP) (10 U.S.C. 2577). Air Force Accounts Receivable Standard Operating Procedures for Base Level Use, specifically the QRP section contains accounting procedures and guidance for distributing proceeds.

10.38.1. Installations that establish a qualified QRP may use net proceeds from QRP sales for local projects as defined in paragraph **10.38.3** Net proceeds are gross QRP sales less operating expenses for the QRP appropriated fund. The installation commander or designee is the QRP manager. The Financial Management Board (FMB) should help the program manager oversee the program to include approving how the manager applies its net proceeds. The Base Civil Engineer (BCE) will annually estimate anticipated reimbursements for the execution plan submission.

10.38.2. Recyclable material refers to materials normally sold as scrap or discarded as waste, but can be reused after physical or chemical processing. **The following are not considered as a recyclable:**

10.38.2.1. Scrap bearing precious metals and items that may be used again for their original purposes without special processing.

10.38.2.2. Ships, planes, or weapons that must be demilitarized or mutilated before sale.

10.38.2.3. Scrap generated by a DoD industrial fund (IF)(DWCF) activity. The industrial fund accounts for the net proceeds from selling scrap (short ends, machinings, spoiled materials, etc.) generated from industrial fund operations.

10.38.2.4. Bones, fats, and meat trimmings generated by a commissary store or exchange.

10.38.3. Use proceeds from selling recyclable material **first** to reimburse the installation's appropriated fund costs (O&M-type) for operating the recyclable program, incurred in the same fiscal year as the proceeds are earned. Use up to 50% of remaining sale proceeds for pollution abatement, energy conservation, and occupational safety and health activities. A project may not be carried out under the preceding sentence for an amount greater than 50 percent of the amount established by law as the maximum amount for a minor construction project, per 10 U.S.C. 2577.

10.38.4. Installations must reimburse recycling cost in the FY earned. Along with BCE, the program manager, the comptroller, and the local FMB will monitor the QRP net proceeds in 57F3875.8900.

10.38.5. After applying the rules in paragraph 10.38.3 and 10.38.4 of this AFI, any unused balances of QRP proceeds (up to \$2 million) are available until expended (i.e., may be carried over into subsequent fiscal years), HOWEVER THIS IS NOT AUTOMATIC EACH FISCAL YEAR; it is subject to a recurring annual provision in an applicable appropriation law. You must confirm with AF/A7CR and SAF/FMBO annually to ensure the annual provision has been extended and enacted.

Section 10E—Transportation of Property

10.39. Funding First Destination Transportation (FDT):

10.39.1. First destination transportation (FDT) may take the form of either free-on-board (FOB) Destination or FOB Origin. Charge FDT to the O&M, RDT&E, or procurement appropriation that finances the item. FOB Destination charges will be an integral to the item's purchase price. FOB Origin charges will be a separate line item in the applicable appropriation and not a part of the item's purchase price.

10.39.2. Charge aviation fuel used to deliver aircraft from a contractor's facility to the Air Force receiving activity to the O&M appropriation as FDT.

10.39.3. Transportation of less than major end items is integral to the major end item's acquisition cost. Charge the FDT to the procurement appropriation that financed the acquisition of the item. Examples are components, subassemblies, materiel and vendor parts that support the acquisition of a major end item.

10.39.3.1. Charge transportation of government furnished equipment (GFE) and government furnished materiel (GFM) prior to installing it in a major end item to the procurement appropriation financing the item's acquisition.

10.39.3.2. Charge transportation to DoD of all items not owned by DoD (such as nuclear materials and warheads that the Department of Energy (DOE) provides to DoD but retains ownership) to the procurement account that finances the end item into which the item will be incorporated. **EXCEPTION:** Charge all over-ocean transportation of subsistence items funded by the O&M Appropriation to Second Destination Transportation.

10.40. Funding Second Destination Transportation. Charge second destination transportation to O&M type funds, except when the transported materiel supports a construction project. Then, charge the transportation to the appropriation financing the construction.

10.41. Budgeting, Funding, and Expensing Transportation Charges:

10.41.1. Each Air Force agency that budgets and funds for a materiel procurement requirement must also budget and fund for associated FDT charges.

10.41.2. DLA, as single manager, budgets and funds FDT for aviation fuels included in the DWCF.

10.41.3. DLA, as single manager for fuels, budgets and funds for FDT of ground fuel products.

10.41.4. The host command will budget and fund for packing, handling, and crating unless stated otherwise in this instruction.

10.41.5. Other Funding Responsibilities.

10.41.5.1. The Defense Working Capital Fund (DWCF) will fund the worldwide movement of DWCF materiel, to include the return of repairables and item manager-directed redistribution order shipments. This includes over-ocean transportation by Air Mobility Command (AMC) or Military Sealift Command (MSC), and Surface Deployment and Distribution Command (SDDC) services, CONUS port handling, overseas port handling, and functions contained in [Table 18.1](#) through [Table 18.3](#). The DWCF will not fund the movement of DWCF materiel moving to a Centralized Repair Facility (CRF) to be repaired/refurbished or from a CRF back to the point of use.

10.41.5.1.1. The overseas command will fund inland overseas transportation.

10.41.5.1.2. AFMC will use the Air Force SDT Centrally Managed Allotment (CMA) to fund non-DWCF materiel movements (munitions, engines, vehicles, or those items managed on an Air Force Table of Allowance, etc.) that are item manager-directed, returns from a contractor facility to a base, depot to depot, depot to

base, and shipments to and from overseas. The SDT CMA will also be used to fund Repair Network Manager (RNM) directed shipments to/from CRFs in support of the Repair Network Enterprise.

10.41.5.1.3. Except as noted in 10.41.5.2 above, local bases will pay for returning non-DWCF items to a repair facility and for non-Redistribution Order (RDO) lateral shipments with their own O&M funds.

10.41.5.1.4. The activity requesting the item will fund lateral or base administrative support shipment charges.

10.41.5.1.5. SDT of subsistence is the responsibility of the Defense Commissary Agency (DeCA).

10.41.6. Apply the funding responsibilities indicated in [paragraph 10.41](#) and in [Table 18.1](#) through [Table 18.3](#), regardless of the type of supporting documentation, e.g., Government Bill of Lading, Commercial Bill of Lading, or other approved document.

10.42. Charging Domestic Freight Shipments Using Commercial Forms. See AFI 24-203, *Preparation and Movement of Air Force Cargo*, for shipments moving under commercial procedures. Apply the budgeting and funding responsibilities in [Table 18.1](#) through [Table 18.3](#).

10.43. SDT Exceptions:

10.43.1. Charge shipments of excess property to, from, or between AFRC and ANG units to the recipient's O&M funds. The shipping activity will pay for packing, crating and handling.

10.43.2. DLA will fund packing, crating, handling, and SDT costs of all industrial plant equipment under the Defense Industrial Plant Equipment Center's direction and control.

10.43.3. Air Combat Command (ACC) funds SDT for moving bulk ground petroleum products to Thule AB, Greenland.

10.43.4. The applicable DWCF Supply Management division shipping the materiel will fund transportation costs for returning Air Force excess materiel to the applicable Supply Management Activity, whether returning the materiel for credit or without credit.

10.44. Land Transportation Within Overseas Areas. The responsible Military Department provides command-controlled military-operated transportation on a common-service basis.

10.45. DWCF Property. See [Table 18.1](#) through [Table 18.3](#).

10.46. Funding Redistribution Order (RDO) Type Shipments. Fund transportation costs for moving excess or nonexcess (including RDO) items as follows:

10.46.1. AFMC normally funds transportation costs for AFMC centrally managed items if the inventory manager (IM) requires the movement. But, the shipping command funds transportation costs when the shipping command asks the IM to redistribute items no longer required to meet that command's repositioning objectives. But, the Air Logistic Complex (ALC) pays shipping costs when it directs a base reporting excess items to ship them to another base under an RDO.

10.46.2. The directing item manager will fund Defense Logistics Agency (DLA) transportation costs for excess items shipped at DLA's direction from one Air Force base to another.

10.46.3. The shipping activity pays packing, handling, and crating costs for the excess items in [10.46.1](#) and [10.46.2](#) above.

10.47. Funding Army-Air Force Exchange Service (AAFES) Property:

10.47.1. DoD activities may use appropriated funds to reimburse the TWCF for airlift and sealift transportation (either in-house or contract carrier) of AAFES property. The Department of the Army (DA) as Executive Agent budgets and funds for this overseas transportation.

10.47.2. Bill DWCF transportation of AAFES cargo (over-ocean and Outside the Continental United States (OCONUS) overland) to DA, AAFES, or the OCONUS major army command (MACOM) as follows:

10.47.2.1. DA pays for over-ocean movement of AAFES merchandise, operating supplies, and equipment as follows:

10.47.2.1.1. Port handling costs at Surface Deployment and Distribution Command (SDDC) ocean terminals to include container stuffing costs.

10.47.2.1.2. Transportation furnished by the Defense Transportation System (airlift and sealift).

10.47.2.2. AAFES bears port handling and transportation costs for:

10.47.2.2.1. AAFES nonappropriated fund employees' personal property.

10.47.2.2.2. Foreign goods (for resale) on which United States customs duties have not been paid or waived.

10.47.2.2.3. AAFES cargo within CONUS to include container stuffing not done by SDDC.

10.47.2.3. OCONUS major army commands finance OCONUS port handling and inland transportation costs of AAFES cargo (except items in [paragraph 10.47.2.2](#)).

10.47.3. Bill to these addresses:

10.47.3.1. Department of the Army: Department of the Army, Dept 3200, 8899 East 56th Street, Indianapolis, IN 46249-3200.

10.47.3.2. AAFES: Headquarters Army-Air Force Exchange Service ATTN: DD-N Dallas, TX 75222

10.48. Funding Demurrage, Detention, and Storage Costs. Charge these costs associated with either FDT (FOB origin) or SDT to the O&M funds of the command organization that caused them. *EXCEPTIONS:*

10.48.1. Costs of aviation POL shipments per AFMAN 23-110.

10.48.2. Shipments governed by the Military Sealift Command (MSC) rate guide (that is, those contracts providing port-to-base transportation), which AFMC funds. See AFI 24-203.

10.49. Funding Unit Deployments, Redeployments, Relocations, and Deactivations:

10.49.1. The MAJCOM losing operational control of units programmed to relocate or deactivate will:

10.49.1.1. Develop the anticipated movement concept as early as possible, preferably before submitting the budget for the fiscal year when the moves take place.

10.49.1.2. Program, budget, and fund for Air Mobility Command (AMC) Special Assignment Airlift Mission (SAAM) movements, including airlift channel extensions.

10.49.1.3. Provide estimated AMC channel and MSC cargo movement requirements to AFMC by mode (air or sea), general commodity category (ammunition, vehicles, general, etc.), and month of movement. The MAJCOM will provide these requirements by priority message to HQ AFMC/LGT and FMBOT, with information copies to SAF/FMB and HQ USAF/CS/ LGT/LGS, and include them in program action documents and plans.

10.49.2. AFMC will program, budget, and fund for AMC channel and MSC cargo movements described in [paragraph 10.49.1](#) and identify the related specific program requirements in budget estimates and execution plans.

10.50. Funding Transportation from Contractor's Bonded Storage:

10.50.1. Charge FDT when you can readily ascertain that the bonded storage is within the contractor's facility or no FDT funds were previously used.

10.50.2. Except: charge SDT when making the determination would cause undue delay.

10.51. Funding Transportation from Defense Property Disposal Offices. The Defense Logistics Agency will pay transportation and any packing, crating, and handling for excess materiel obtained from defense property disposal offices. This includes ANG, AFRC, Military Affiliate Radio System (MARS), Civil Air Patrol (CAP), and Air Force museums. It also applies to Morale, Welfare, and Recreation (MWR) activities when the servicing accountable supply officer submits the requisition.

10.52. Funding the Shipment and Nontemporary Storage of Household Goods. The organization, which controls the quarters, also assigns and reassigns government owned or controlled quarters without regard to service affiliation and is responsible for budgeting and administration of funds in support of moving and storage of personal household goods for personnel assigned to government quarters, family housing or unaccompanied housing, regardless of service affiliation. Pay for drayage and nontemporary storage of personal household goods for local moves upon assignment, termination, or reassignment, as follows:

10.52.1. If the move is for the convenience of the government, charge the Base Operating Support (BOS) account PE***42F.

10.52.2. If the move is for the convenience of the individual, charge costs to the individual.

Section 10F—Education of Dependents

10.53. Supporting Department of Defense Dependents Schools (DoDDS) in Foreign Countries. Air Force installation commanders provide schools on military installations administrative and logistic support, within mission constraints, on a reimbursable or nonreimbursable basis per DoD 1342.6-M, *Administrative and Logistic Responsibilities for DoD Dependents Schools*.

Section 10G—Licensing Agreements

10.54. Using Copyrighted Music in Overseas Areas. Foreign laws and international agreements require that United States Armed Forces in overseas areas pay for use of copyrighted music. Charge payments to the O&M appropriation of the military department that is responsible for the information and education, recreation, and welfare program (specifically, Armed Forces Radio and Television Service (AFRTS)) in the country where the copyrighted music is used.

Section 10H—JCS Exercises

10.55. CJCS Exercise Program (PE 28011F). The Joint Chief of Staff's Exercise Program has been realigned and consolidated with all services joint training funds to the Defense-Wide Commander's Exercise Engagement and Training Transformation (CE2T2) program. As a result of the consolidation funds will be issued to the Services via PBAS once per quarter. This program will be funded with appropriation (97X 0100.1102 – FC 2M).

Section 10I—Funding for Individual Clothing

10.56. Using O&M-Type Funds for Clothing Sales Store Charges. Installations may use O&M-type funds to reimburse Army Air Force Exchange Service's Military Clothing Sales Stores (AAFES MCSS) for the following categories of individual clothing items (sales code 16, as explained in AFMAN 23-110, Volume I, Part three, Chapter 2).

10.56.1. **Burial of Deceased.** New uniform items (except caps, shoes or boots) purchased from AAFES MCSS by mortuary affairs personnel upon direction by the Person Authorized to Direct Disposition of remains (PADD) to clothe remains in a uniform. (See AFI 34-242).

10.56.2. **Prevention of Disease and Medical Treatment.** Uniform clothing items that a medical officer authorizes for the following conditions:

10.56.2.1. Enlisted member's replacement clothing destroyed in an effort to prevent spread of contagious disease.

10.56.2.2. Items altered or damaged during or immediately following medical care when the clothing items were altered or damaged in such a manner as to prevent their use by the individual after treatment.

10.56.3. **Discharged Prisoners and Prisoners in Nonpay and Allowance Status.** The unit commander may determine the minimum necessary personal clothing items for issue to discharged personnel in confinement who have been discharged, or who have had their discharge suspended or revoked but are in a non-pay and allowance status.

10.56.4. **Gratuitous/Free Issue of Enlisted Grade Insignia.** Installations may buy enlisted grade insignia for gratuitous/free issue to newly promoted enlisted military personnel (Table of Allowance (TA) 016B and AFMAN 23-110, Volume II, Part 2, Chapter 23). Treat these insignia purchases as a normal supply-type expense.

10.56.5. **Rank Insignia and Accouterments on ABUs.** Installations may use organizational O&M-type funds to pay for sewing insignia and accouterments on enlisted personnel ABUs when enlisted member replaces a "damaged" (not serviceable) ABU. Do not use organizational funds to pay for sewing the name tapes and accouterments on existing

ABUs or replacements due to normal wear and tear. Organizations may fund stripes for new promotees, but the individual pays for sewing on the stripes.

10.56.6. Do not use O&M funds to buy officer insignia (TA 016).

10.56.7. **Miscellaneous Clothing Sales.** Clothing sales issues not otherwise categorized. (See AFMAN 23-110).

10.56.8. **Uniform Clothing Issued as Individual Equipment.** Installations will use their organizational O&M-type funds to obtain required special uniforms (e.g., flight suits and other AS 016 uniforms not considered as regularly issued uniforms or paid for with an individual's annual clothing allowance), as directed by their commanders or other competent authority. However, restrictions may apply. For example, flight suits are limited per AFI 36-2903, Chapter 3 which provides (excerpt only): Flight Dress Uniforms (FDU)/ Desert Flight Dress Uniforms (DFDU) are authorized functional clothing for those authorized individuals performing flying, parachutist, space and missile crew duties. These uniforms and the matching stripes and accouterments are "optional items directed wear." The cost of any associated rank insignia, name tapes, and accouterments, as well as sewing of these items onto these uniforms (as required), may be provided from organizational O&M-type funds at the discretion of the commander. This is applicable to officers and enlisted.

10.56.9. **Uniforms for Competition Participants.** The use of appropriated funds to purchase new ABUs and other clothing accessories funded by an enlisted member's clothing allowance is not authorized. Only those items which are mission essential, authorized by a Table of Allowance, and not already provided are to be procured for competition participants using appropriated funds. Initial issue provides all military personnel the clothing resources generally needed to meet occupational requirements. Enlisted service members receive annual clothing allowances for uniform replacement due to normal wear and tear. While appearance is a vital part of a competition, military standards must be met for all military operational readiness and deployment exercises without the benefit of new clothing packages, excluding authorized special uniform requirements addressed in [paragraph 10.56.7](#) above. Personnel are entitled to replacement of military clothing damaged in competition per AFMAN 23-110.

10.56.10. **Athletic/Exercise Clothing.** Refer to Allowance Standard (AS) 016 available through the Air Force Equipment Management System (AFEMS). **NOTE:** The new Air Force physical training uniform is not authorized for purchase with organizational O&M-type funds, as a substitute for athletic clothing authorized in AS 016.

10.56.11. **Sunglasses.** Organizational O&M-type funds for non-prescription sunglasses are authorized only for those members assigned to specific functions/categories listed under AS 016. For prescription sunglasses refer to AFJI 44-117, *Ophthalmic Services*, paragraphs 2.7 and 2.8.

10.56.12. **Cold Weather Clothing.** See AS 016 (Special Purpose Clothing and Personal Equipment) for special instructions that apply to the issue of cold weather clothing. Before organizational O&M-type funds are used to purchase cold weather clothing, the requirement must meet the criteria established for each designated location in AS 016.

10.57. Other Military Clothing. Military clothing is a complex area with many exceptions and criteria. This section provides limited general information only, and does not attempt to

address every situation. Questions should be directed to MAJCOM HQ (A4, A1 and FM offices), and subsequently to Air Staff if needed. Additional guidance can be found elsewhere in this AFI and in various other regulations, including AFI 36-3014, AFMAN 65-116, AFI 36-2903, and the DoD FMR 7000.14-R, Volume 7A, Chapters 29 and 30.

10.57.1. Other Military Clothing – Enlisted Personnel. See **Table 10.3**.

Table 10.3. Military Clothing – Enlisted Personnel.

ENLISTED Personnel (reference DoD FMR 7000.14-R Volume 7A, Chapter 29)		Appropriation Budgeted
NON-Airman Battle Uniform (ABU) & NON-Physical Training Uniform (PTU)	Initial Issue	MILPERS
	Replacement	Enlisted personnel purchase using their annual clothing replacement allowance. Budgeted in MILPERS.
	Deployment	N/A
ABU	Initial Issue	MILPERS
	Replacement	Enlisted personnel purchase using their annual clothing replacement allowance. Budgeted in MILPERS.
	Deployment	Effective 1 October 2011, enlisted personnel purchase using their annual clothing replacement allowance. Budgeted in MILPERS.
Standard PTU (also see paragraph 10.56.9)	Initial Issue	MILPERS
	Replacement	Enlisted personnel purchase using their annual clothing replacement allowance. Budgeted in MILPERS.
	Deployment	Enlisted personnel purchase using their annual clothing replacement allowance. Budgeted in MILPERS.
Firefighter PTU	Initial Issue	N/A– there is no official non-deployment (Homestation)firefighter PTU.
	Replacement	N/A– there is no official non-deployment (Homestation)firefighter PTU.
	Deployment	At the current time only authorized for the AFCENT/AOR; funded with OCO funds.

10.57.2. Other Military Clothing – Officer Personnel. See **Table 10.4**.

Table 10.4. Military Clothing – Officer Personnel.

OFFICER Personnel		Appropriation Budgeted
NON-Airman Battle Uniform (ABU) & NON-Physical Training Uniform (PTU)	Initial Issue	Officers purchase clothing and are reimbursed for a portion of it via certain clothing allowances. For details, including restrictions and qualifications, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30. Budgeted in MILPERS.
	Replacement	Generally N/A; officers purchase items and receive no recurring clothing replacement allowance. However, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30 for additional information.
	Deployment	N/A
ABU	Initial Issue	Officers purchase clothing and are reimbursed for a portion of it via certain clothing allowances. For details, including restrictions and qualifications, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30. Budgeted in MILPERS.
	Replacement	Generally N/A; officers purchase items and receive no recurring clothing replacement allowance. However, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30 for additional information.
	Deployment	N/A. Officers purchase items, no clothing allowance provided.
Standard PTU (also see paragraph 10.56.9)	Initial Issue	Officers purchase clothing and are reimbursed for a portion of it via certain clothing allowances. For details, including restrictions and qualifications, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30. Budgeted in MILPERS.
	Replacement	Generally N/A; officers purchase items and receive no recurring clothing replacement allowance. However, see DoD FMR 7000.14-R Volume 7A, Chapters 29 & 30 for additional information.
	Deployment	N/A. Officers purchase items, no clothing allowance provided.
Firefighter PTU	Initial Issue	N/A
	Replacement	N/A
	Deployment	N/A

Section 10J—Funding Responsibilities for Organizational Clothing

10.58. Funding Distinctive Uniforms and Functional Clothing. Commanders may approve these items for issue as organizational clothing if the functions of an organization or group require the wear of these items (as authorized in AFI 36-2903). The Commander must put in writing the justification for the uniform or clothing necessitating the expenditure of the appropriated funds. Charge the cost of the distinctive uniforms, functional clothing and authorized alterations to the unit of assignment's O&M-type funds. For the Air Force Reserve, pay the expense from the Reserve Personnel, Air Force Appropriation. (Note: purchase of organizational clothing is optional – commander's discretion.)

10.59. Civilian Uniforms. IAW 5 USC 5901 and 10 USC 1593, the Air Force must either furnish a uniform or provide a uniform allowance to civilian employees required to wear a uniform. The uniform provided or uniform allowance, may not exceed the limits established by DoD IAW 5 CFR 591.103-104. Organizations may use funds appropriated to pay civilian salaries to pay for the uniform or uniform allowance. The individual is responsible for costs associated with cleaning and upkeep; these costs may not be paid by unit funds. Further, and IAW 5 USC 7903 and Comptroller General decisions (i.e., CG B-288828 and B-289683), the Air Force must also furnish personal protective clothing or equipment to civilian employees when the wear of the clothing/equipment is required for the safe and successful performance of officially assigned tasks, the item is not part of the ordinary and usual furnishings an employee would reasonably be expected to provide for himself/herself, and the employee is engaged in hazardous duty. Occupational Safety and Health Administration (OSHA) standards and related Air Force Instructions (AFI) must be followed. Organizations may use funds appropriated for the procurement of supplies and material or equipment for the purchase and maintenance of special clothing and equipment. Organizations must maintain accountability when items, such as outer layers of cold weather ensembles, are turned in and re-issued.

10.60. Financing the Introduction of New Clothing Items. The organization that originates the requirement must provide initial funding, including any resources needed for sustainment requirements, for new clothing and textile items. For new items that replace/modify existing assets, a review of inventories, contractual obligations and costs related to residual inventories must have an identified source of funding prior to any fielding actions of a new item. A Military Department with a new clothing item requirement must provide a funded order to the Defense Logistics Agency (DLA) to cover the cost of acquisition of a balanced procurement cycle quantity of the item. DLA will not order the item until the Air Force provides funds. "New items" include initial introductions, a change in use, or use by a new Military Service. Charge the Military Personnel appropriation for new (initial issue) clothing bag items. Charge operating appropriations for new organizational clothing items.

Section 10K—Unaccompanied Personnel Housing

10.61. Leasing Unaccompanied Personnel Housing. Charge lease to O&M funds when you provide quarters (AFI 32-6005)

10.61.1. **Financing Non-Military in Unaccompanied Personnel Housing (UPH).** Credit the O&M appropriation when non-military personnel rent Air Force UPH.

Section 10L—Type 1 Factory Training

10.62. Funding of Factory Training.

10.62.1. Charge factory training costs to the investment appropriation and program used to procure the development, acquisition or modification of the related end item. This includes contractor-provided curriculum development, course materials and initial cadre instruction. Apply this rule when the associated end item is in production or undergoing modification, and training is embedded in the production contract. (Use of investment accounts for factory training is effective in FY 1994.) Charge associated TDY costs for personnel attending this training to the O&M appropriation of the command to which the personnel are assigned.

10.62.2. Charge the O&M appropriation for:

10.62.2.1. TDY of military members or civilian employees attending factory training courses.

10.62.2.2. Factory training courses acquired by separate contract for end items no longer in production.

10.62.2.3. Follow-on factory training.

10.62.3. The Air Education and Training Command (AETC) is the sole procuring agency for factory training and will budget and fund for all TDY and contract costs for factory training that is chargeable to O&M.

10.62.4. The Air Force Materiel Command (AFMC) and Air Force Space Command (AFSPC) for space related systems will budget and fund for contractor factory training and related TDY requirements supporting development, test, and evaluation (DT&E).

10.62.5. All OT&E related Type 1 factory training shall be funded by the Acquisition Agency in accordance with AFI 36-2201.

Section 10M—Lease or Rental of Equipment

10.63. Leasing or Renting Equipment. Air Force activities needing equipment should use the contracting method (purchase, lease, rental) with the lowest life cycle cost. Use a method other than lowest cost only in emergencies. Charge the lease or rental expense to O&M type funds (O&M, MFH Operations, etc.). If a basic lease contract (i.e. simply conveys the right to use equipment for 12 months or less) contains an option to renew, you may exercise the option annually, for up to 12 months at a time. As with other lease arrangements, title (and risk of loss) must remain with the lessor until the end of the final annual lease period. Be sure to follow DoD Financial Management Regulation (FMR) guidance specific to expenses and investments, Volume 2A, Chapter 1, General Information, in order to determine the correct appropriations to be used, and Volume 4, Chapter 6, Property, Plant, and Equipment for accounting policy and procedures for various types of leases. Note that leases are also governed by OMB Circular A-11 (http://www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc).

Section 10N—Land Purchases

10.64. Funding Minor Land Purchases. Use O&M-type funds to buy land (under 10 U.S.C. 2663(c) Acquisition of Low-Cost Interests in Land). The land must cost \$750,000 and cannot be associated with a specific MILCON project (P.L. 98-212, Section 707).

10.65. Funding Environmental Surveys of Land Interests Prior to Acquisition or Disposal. The acquiring or disposing command will use its O&M-type funds (Environmental Compliance, DERA or Base Closure accounts when applicable) to pay for initial environmental surveys of land interests that the Air Force is considering disposing of or acquiring. Use project funds when the environmental surveys relate to a funded MILCON project.

10.66. Funding Environmental Non-Compliance Fines and Penalties (Federal Facility Compliance Act (FFCA)). Any civil penalty or fine levied against Air Force installations is the funding responsibility of that installation. Commanders will determine the specific internal funding realignments necessary to fund these costs. For accounting purposes, record payments for any fines or penalties to PE ***56f, EEIC 68410, 68420, 68440, and 68450 of the appropriation that bears responsibility (in accordance with Host/Tenant Support Agreements) at the affected installation. There is no withhold account to cover these costs – the bill will have to be paid out of existing current year resources. For additional guidance from Civil Engineering (AF/ILE), see AF/ILE 10 May 01 memorandum, Subject: *Payment of Fines, Penalties, and Supplemental Environmental Projects*.

Section 100—Air Force Claims

10.67. Claims Payable From O&M Funds. Pay for claims (personnel, torts, admiralty, other) with Air Force Operation and Maintenance (O&M) funds under Service-wide Support PE 91212F, DODEE 18, and EEIC 672XX. (AFIs 51-501, *Tort Claims*, and 51-502, *Personnel and Government Recovery Claims*, provide details of the programs.) These claims include:

10.67.1. Damages to personal property incurred during shipment or storage under contract with civilian carriers or warehouses.

10.67.2. Repayment of erroneously collected amounts as determined by the Secretary concerned (or designated representatives) to military members and civilian personnel or to states, territories and the District of Columbia, or members of National Guard units.

10.67.3. Payments for damages to persons or property caused by DoD personnel or activities.

10.68. Carrier Recoveries. Carrier recoveries will be credited to the O&M-type appropriation **current at the time of collection** and be available for the same time period and purposes as that appropriation (FY 99 Authorization Act, Section 1010 (P.L. 105-261) Codified in 10 U.S.C. 2739).

Section 10P—The Subsistence Program

10.69. Funding the Subsistence Program. Charge subsistence in kind (including meals ready to eat (MRE)) for Air Force active duty personnel to the **Military Personnel (57*3500) Appropriation**. Charge subsistence in kind for Air National Guard and Air Force Reserve personnel to the Air National Guard personnel (57*3850) and the Air Force Reserve personnel (57*3700) accounts. Charge the cost of basic allowance for subsistence (BAS) to the MILPERS Appropriation.

10.69.1. **Funding Contract Feeding.** Installations may contract for food service function. Charge service contracts to the O&M appropriation. If government facilities are not

available, such as at a remote site, and if buying only meals, then installations may authorize feeding contracts and charge O&M.

10.69.2. Reimbursement Procedures:

10.69.2.1. Credit cash collections for meals served to personnel not authorized to subsist at government expense to the Military Personnel Appropriation. **If the dining facility is contractor operated, credit the surcharge to O&M and the basic meal charge to the Military Personnel Appropriation.**

10.69.2.2. When you make arrangements for enlisted personnel to receive “subsistence in kind” from non-DoD agencies, obligate unit O&M funds and process reimbursements according to DFAS-DE 7010.5-R.

10.69.2.3. Charge subsistence furnished to Air Force enlisted personnel aboard Military Sealift Command (MSC) vessels as a transportation cost.

10.69.2.4. Deposit cash sales of meals in Air Force dining facilities to Air Force Military Personnel Appropriation as an appropriation reimbursement. **If the dining facility is contractor operated, see paragraph 10.69.2.1 above.**

10.69.2.5. Process cash surcharges collected for sales of subsistence according to AFMAN 34-239, *Food Service Management Program*.

10.69.2.6. Administer subsistence-in-kind relating to hospitalization of Air Force personnel in medical facilities of other government agencies according to AFI 41-115 and AFI 41-101, *Obtaining Alternative Medical and Dental Care*. Charge subsistence furnished reserve personnel at regular Air Force installations to the Air Force Reserve Personnel appropriation. The installation furnishing the meals must complete a reimbursement using SF 1080, *Vouchers for Transfers Between Appropriations and/or Funds*, supported by DD Form 1150, *Request for Issue or Turn-in*.

10.69.2.6.1. Identify the number of breakfast, dinner, and supper meals served, the price of each meal, and the total amount due by meal on the DD Form 1150. The officer preparing the form certifies number of meals served at government expense. The installation must bill monthly to keep reimbursements current.

10.69.2.6.2. The installation must waive reimbursement billings to any one AFRC activity in amounts less than \$1,000.00 during any one calendar quarter.

10.69.2.7. Reimburse subsistence furnished ANG personnel at regular Air Force installations. The state will reimburse meal costs when the state calls ANG personnel to assist in disaster areas or civil disorders.

Section 10Q—Counternarcotics and Drug Demand Reduction Programs

10.70. Counternarcotics Programs and Reprogramming Process.

10.70.1. **Counternarcotics Programs** (including the Drug Demand Reduction Program) are funded through the Central Transfer Account from OSD. An A40 limitation (floor) is placed on these funds, which means funds cannot be subtracted from the amount provided by SAF/FMBO. At the beginning of each fiscal year MAJCOMs may need to cashflow

programs in order to maintain program continuity. AF/A3/5 serves as executive agent for Air Force Counternarcotics. SAF/FMBOO is the financial POC.

10.70.1.1. Counternarcotics programs have the authority to receive financial and other support from the DoD, and other departments and agencies of the Federal Government as described in a variety of references. These include provisions of law (Title 10 U.S.C.), Air Force publications (AFI 44-159, AFI 13-101, etc.) and DoD Directives and Instructions (DoD Directive 5111.1, *Under Secretary of Defense for Policy (USD(P))*; DoD Instruction 5525.10, *Using Military Working Dog Teams (MWDTS) To Support Law Enforcement Agencies in Counter-Drug Missions*, etc.). Quarterly reports are submitted to SAF/FMBOO for consolidation to Deputy Assistant Secretary of Defense for Counternarcotics (DASD-CN).

10.70.2 Process for Counternarcotics Reprogramming. The Program Manager of the Initiating Command FMA must forward a request for reprogramming through SAF/FMBO to the Deputy Assistant Secretary of Defense for Counternarcotics (DASD-CN) for approval. The steps are as follows:

10.70.2.1. Step 1. DASD(CN) initiates the reprogramming action, coordinating with Military Departments and Defense Agencies. DASD(CN) forwards the DD 1415-3 document to OUSD(C).

10.70.2.2. Step 2. OUSD(C) staffs the document for coordination with OUSD(C) Operations, OUSD(C) Investments, Office of General Counsel, OSD C3I, and other offices as appropriate.

10.70.2.3. Step 3. DoD Comptroller (Operations) forwards the document to DoD Comptroller (Program and Financial Control) who packages and forwards for the DoD Comptroller signature. The signed reprogramming is then forwarded to OMB.

10.70.2.4. Step 4. DFAS is directed by DoD Comptroller (Program and Financial Control) to initiate the Treasury transfer document (Form 1151). DFAS prepares Form 1151 and forwards to the Treasury for signature. Completed Treasury documents are provided to each Military Department or Defense Agency receiving funds.

10.70.2.5. Step 5. Apportionment documents (DD Form 1105) are forwarded to OMB for review and signature to constitute apportionment.

10.70.2.6. Step 6. Completed 1105's are returned to DoD Comptroller (Program and Financial Control) and are then forwarded to the appropriate analysts within the DoD Comptroller and funding documents and Obligation Authority letters are issued.

10.70.2.7. SAF/FMBO will notify commands if/when approved.

10.70.3. Drug Demand Reduction Budget and Execution Review Process. Drug Reduction Program Managers (DRPM) prepare and submit budgets for their Demand Reduction Programs as required.

10.70.3.1. Budgets will be prepared in accordance with the DoD FMR 7000.14-R, AFI 65-601 V1, and annual execution guidance provided by DASD/CN, SAF/FMBO, and the Air Force Medical Operations Agency. Work in conjunction with MAJCOM resource management personnel to ensure all budgetary documents are processed correctly.

10.70.3.2. Reviews annual funding, projects, cost analysis, and efficient use of funds for travel, outreach, education, and training purposes. Initiates appropriate paperwork to accomplish budgeting tasks. An A40 limitation (floor) is placed on these funds, which means funds cannot be subtracted from the amount provided by SAF/FMBO.

10.70.3.3. Provide monthly obligation data, to include medical supply transactions from Defense Medical Logistics Supply System, to MAJCOMs resource management personnel to consolidate and forward to SAF/FMBOO no later than the 20th of each month (Jan/Apr/Jul/Oct). Also, notify resource management personnel of any vacant counternarcotics civilian personnel positions for MAJCOM FM to provide Full Time Equivalents (FTE) quarterly report to SAF/FMBO.

10.70.3.4. Regularly reviews program status and reprograms funds in a timely manner. Deputy Assistant Secretary of Defense for Counternarcotics (DASD/CN) requires approval on all moves between Drug Demand Reduction program cost centers in Program Elements 88789F (Program Cost Center 8470), 88788F (Project Code 8464), and 88750F (Project Code 8460). Requests for reprogramming must be submitted by MAJCOMs through SAF/FMBOO to DASD/CN for approval. Once approved funds will be moved between Drug Demand Reduction projects as requirements dictate to facilitate full execution of funds.

10.70.3.5. Maintains program accountability in accordance with DoD Directives and AFMOA/SGOC and/or MAJCOM guidance to include establishing and maintaining administrative files, complete records of all official DRP transactions (including medical supplies in the Defense Medical Logistics Standard Support) and in accordance with the Air Force Records Disposition Schedule (RDS) in AFRIMS. .

10.70.3.6. Ensures expenditures of DRP funds meet all appropriate budget code limitations. All resources, equipment, medical supplies and materials purchased with DRP will be audited annually.

10.70.3.7. Ensures proper coordination with MAJCOM FM and contracting offices.

10.70.3.8. AFRC only: Coordinates with SAF/FMBO for budget planning and execution of the AFRC Demand Reduction Program.

Chapter 11

MANAGEMENT FUNDS

11.1. Purpose of Management Funds. A Management Fund is an account authorized by law to credit collections from two or more appropriations or funds to finance an activity not involving a continuing cycle of business-type operations. These accounts generally do not own a significant amount of assets nor do they have a specified amount of capital provided (a corpus of the fund). A management fund provides a means of interim financing and accounting for the following:

11.1.1. An operation or project that is financed by more than one appropriation or fund and whose costs cannot be distributed and charged to the financing appropriations or funds immediately; or

11.1.2. An operation or project that is established pursuant to a transfer of functions involving two or more appropriations or funds under authority of law.

11.2. Purpose. A Management Fund:

11.2.1. Is used only to finance operations whose costs are chargeable to appropriations or funds of the Air Force. Projects may encompass participation by organizational units of the Air Force only, or units of the Air Force and other DoD Components.

11.2.2. May not be used to finance any activity that involves a continuing cycle of business-type operations, such as industrial or commercial type activities, or to purchase materiel for stock. The DoD uses revolving funds (now under the Defense Working Capital Fund, DWCF) to finance industrial or commercial type activities, and stock funds (now DWCF) to finance the acquisition of consumable (expense-type) materiel for stock. It may be used, however, to finance the purchase of materiel for use of an operation or project financed with a management fund.

11.2.3. Will not be used to finance a new operation or project, even though eligible under **paragraph 11.2.1**, above, if other effective and efficient financing techniques are available. Charges are permitted to be made against an appropriation temporarily, if necessary, with an accounting adjustment to the appropriation or fund finally to be charged. (See P.L. 89-473 and OMB Circular A-34).

11.2.4. Is subject to periodic audits.

11.3. Responsibilities:

11.3.1. SAF/FM shall:

11.3.1.1. Ensure that a management fund is established or continued only when there is no other effective and efficient financing technique available to accomplish the proposed operation or project.

11.3.1.2. Review and evaluate proposed management fund charters or amendments and recommend to the OUSD(C) the establishment or continuance of a management fund account.

11.3.2. The Secretary of the Air Force shall:

11.3.2.1. Propose use of a management fund as a financing technique, when considered appropriate, per guidance contained in this chapter.

11.3.2.2. Oversee compliance with these instructions regarding its provision for budgeting, financing, accounting, and reporting for management fund accounts in use by the Air Force.

11.4. Procedures:

11.4.1. **Approval of Charters and Management Fund Accounts.** Management Funds shall have a separate administrative account, called a management fund account, for each operation or project that it finances. SAF/FM submits a proposed charter to the OUSD(C) for final approval (see **Figure 11.1**), with an explanation of the reasons for the use of the management fund as the means of financing the operation or project.

11.4.1.1. SAF/FM prepares the proposed charter in the uniform format shown in **Figure 11.1** with an original and three copies over the signature of the Secretary, Under Secretary, or an Assistant Secretary of the Air Force. When appropriations or funds of more than one DoD Component are to share in the financing of a proposed account, each Component comptroller (or an equivalent official) must provide his or her concurrence.

11.4.1.2. Using activities shall not exceed the scope of operations of a management fund account, as prescribed in the charter. However, the DoD Component can seek to revise basic provisions of a charter by submitting a proposed charter amendment in the same manner as an original charter application.

11.4.2. **Discontinuance of a Management Fund Account.** When a management fund account is to be discontinued, SAF/FM submits a termination notice to the OUSD(C) stating the reason for discontinuing the account and the estimated date of final liquidation.

11.4.3. Budgeting, Financing, Accounting, and Reporting:

11.4.3.1. Budgets and Execution Plans:

11.4.3.1.1. The Air Force, through SAF/FMB, prepares annual budget estimates for each management fund per DoD 7000.14-R.

11.4.3.1.2. The managing activity for each management fund account prepares an annual operating budget or execution plan and updates it quarterly in a format appropriate for management planning and control purposes. The managing activity submits a copy of the operating budget or execution plan for an operation or project with the request for approval of an account charter. The managing activity also furnishes copies of operating budgets or execution plans to participating DoD Components or their organizational subdivisions when required for purposes of obtaining advances or for guidance in estimating appropriation or fund requirements.

11.4.3.2. Financing and Administrative Control of Funds:

11.4.3.2.1. Reimbursable orders, either with or without advances, whichever may be appropriate, provide the basis for obligation authority for the conduct of operations under a management fund account. The reimbursable orders may be issued in periodic increments to lessen the administrative workload and they will specify the accounting classifications to be used for billing purposes.

11.4.3.2.2. For fiscal control, the management fund is subject to DoD FMR 7000.14-R, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations*. Obligations may not be incurred against a management fund that is not chargeable to a specific order and the appropriation or fund supporting that order.

11.4.3.3. **Billing and Payment:**

11.4.3.3.1. Management fund outlays are charged to appropriations or funds as prescribed in the account charter and specified in the reimbursable order.

11.4.3.3.2. Accomplish billings and payments by use of SF 1081, *Voucher and Schedule of Withdrawals and Credits*. When financing is by means of advances, the advances are made by SF 1081 prepared and processed as of the beginning of the period covered by the advance. In all cases, however, the Air Force activity responsible for the management fund account shall submit monthly bills to participating organizations to permit them to charge appropriate accounts and record the reduction in the advance accounts, as well as to permit the managing Air Force activity or other DoD Component to adjust its own accounts.

11.4.3.4. **Accounting and Reporting.** The supporting financial management office will classify financial transactions under each management fund account in enough detail to meet management planning and control requirements. The principles, standards, and requirements in DoD FMR 7000.14-R, Volume 4 apply to the accounting and reporting systems. This manual provides for the recording and reporting of the source, application, and status of funds. The management fund account charters must contain additional financial reporting needed by participating organizations for management purposes; the financial reporting must conform to DoD 8910.1-M, *DoD Procedures for Management of Information Requirements*.

Figure 11.1. Uniform Format for Management Fund Account Charters.

UNIFORM FORMAT FOR MANAGEMENT FUND ACCOUNT CHARTERS
<p>1. IDENTIFICATION OF MANAGEMENT FUND ACCOUNT. The proposed charter is numbered serially within the Air Force. The management fund account is identified by a brief but descriptive title. Serial numbers are reserved for existing management fund accounts (for example, if the Air Force has three active management fund accounts, the next proposed charter will be No. 4. A reference is also made to this directive and DoD FMR 7000.14-R, Volume 12, Chapter 1 and appendixes as authority for the management fund account).</p>
<p>2. PURPOSE. A brief but complete description of the operation or project to be financed by the management fund is shown in this section.</p>
<p>3. PARTICIPATING ORGANIZATIONS. The organizational units within the Air Force, and the organizations in the other Military Departments or Defense Agencies that will participate in the operation or project are identified in this section.</p>
<p>4. ADMINISTRATION. The following information is shown in this section:</p>

a. The name and location of the organization or office that will be responsible for management and direction of the operation or project.
b. The location of the accounting and other administrative records.
c. The location of the principal place of business, if different from 4a or 4b above.
d. Special provisions concerning administrative and logistic support.
5. BUDGETING, FINANCING, ACCOUNTING, AND REPORTING. The following information is included in this section:
a. The management fund title and symbol.
b. Arrangements for the preparation and submission of operating budgets or execution plans.
c. Provisions for financing such as: (1) by reimbursement with or without advances; (2) provisions for determining and allocating costs when appropriate; (3) and provisions for the return of unexpended balances of advances.
d. A brief description of the system of accounts and of the system of internal control, including administrative control over funds.
e. The nature of expenses chargeable to the operation or project.
f. Reporting policies and procedures.
6. TERM AND DURATION OF THE ACCOUNT. This section specifies the termination date of the operation or project; or for an operation of indefinite duration, the conditions under which the operation or project will terminate. REQUESTED: (Date) (Signature of appropriate official of the Air Force manager) APPROVED and CONCURRED: (Date) (Signature of appropriate official of participating DoD Component) (Assistant Secretary of Defense) (Signature of appropriate official of participating DoD Component)
<p>REQUESTED:</p> <p>_____</p> <p>(Date) (Signature of appropriate official of the Air Force manager)</p> <p>CONCURRED:</p> <p>_____</p> <p>(Date) (Signature of appropriate official of the Air Force)</p> <p>APPROVED:</p> <p>_____</p> <p>(Date) (Signature of appropriate official of the Air Force)</p>

Chapter 12

MILITARY PERSONNEL (MILPERS) APPROPRIATION (57*3500)

12.1. General Guidance:

12.1.1. Use the military personnel appropriation to finance pay and allowances such as basic pay, special emergency evacuation allowances and incentive pay, subsistence, permanent change of station (PCS) travel, and other military personnel costs. See AFMAN 65-116, Volume 1, *Defense Joint Military Pay System Active Component (DJMS-AC) FSO Procedures*, for detailed administrative and operational procedures and statutory provisions governing pay and allowances of officers, airmen, and cadets.

12.1.2. Do not use the Air Force military personnel (MILPERS) appropriation to finance materiel and supply inventories, except as authorized.

12.2. Using Centrally Managed Allotment (CMA) Procedures. SAF/FMB will manage the MILPERS appropriation as a centrally managed allotment (CMA), establishing obligations for these funds at project and subproject level, based on current personnel programming data. Disbursing officers throughout the Air Force may make authorized individual payments charging CMAs.

12.3. Responsibilities:

12.3.1. The Deputy Assistant Secretary (Budget) (SAF/FMB) is responsible for financial administration. SAF/FMB:

12.3.1.1. Formulates budget and cost estimates to support all aspects of MILPERS.

12.3.1.2. Chairs the Personnel Budget Review Committee (PBRC) in accordance with AFI 65-601, Volume 3, *The Air Force Corporate Budget Process*.

12.3.1.3. Presents and defends MILPERS pricing before the Air Force Board Structure, OSD, and Congress.

12.3.1.4. Reviews Congressional and OSD activity and internal Air Force exercises for potential/real impact on MILPERS, to include working with AF/A1 to develop MILPERS alternatives and defending coordinated SAF/FM and AF/A1 positions to the AF Corporate Structure.

12.3.1.5. Develops and implements the obligation plan; provides oversight during budget execution review and analysis of financial and program accomplishments and projections.

12.3.1.6. Develops and interprets MILPERS financial management practices.

12.3.1.7. Ensures compliance with all legal and regulatory controls regarding the obligation and expenditure of MILPERS funds.

12.3.1.8. Develops and implements budgetary and financial procedures prescribed by DoD FMR 7000.14-R, Volume 2.

12.3.2. The Director of Manpower, Organization and Resources (AF/A1M):

12.3.2.1. Plans and programs for the entire personnel life cycle (accessions, promotions, reenlistments, PCS, retirements, RIFs, SERBs, early releases) and provides the data to SAF/FMB to support budget/cost estimates.

12.3.2.2. Reviews, evaluates, and coordinates on MILPERS pricing methodology as applied by SAF/FM.

12.3.2.3. Interprets personnel impacts due to Congressional, OSD, or internal Air Force driven reductions in MILPERS programs.

12.3.2.4. Manages personnel, accession, and separation programs during budget execution.

12.3.2.5. Determines impact of budgetary policies and practices developed and interpreted by SAF/FM.

12.3.2.6. Analyzes and coordinates on alternative methods of financing having impact on personnel programs before they are presented to the Air Force board structure.

12.3.3. The Directorate of Force Management Policy (AF/A1P) is responsible for military personnel policy development and program oversight:

12.3.3.1. Plan and program for the entire personnel life cycle (from accession to separation/retirement) by consolidating inputs from AF/A1M and AFPC.

12.3.3.2. Provide data to SAF/FMB to support budget estimates.

12.3.3.3. Manages personnel programs during budget execution.

12.3.3.4. Determine impact of budgetary policies and practices as developed and interpreted by SAF/FMB.

12.3.3.5. Prepare and coordinate responses to the AF Group and AF Board, and answer questions from organizations outside of AF/A1, such as SAF/FM, OSD and Congress.

12.3.4. The Air Force Personnel Center (AFPC) is responsible for overall management of all Operational, Rotational, Unit and Training (ORUT) PCS assignments and internally tracks estimated MILPERS PCS obligations to ensure moves do not exceed SAF/FMOP allocated funding constraints.

12.3.4.1. Plans and programs for all ORUT PCS movements of Air Force personnel.

12.3.4.2. Ensures PCS orders are published with lines of accounting as described in AFMAN 65-604, Appropriation Symbols and Budget Codes.

12.3.4.3. Provides end-of-month, end-of-year closeout, and final end-of-year data on ORUT PCS orders (AF Form 899) by officer/enlisted and move type to AF/A1P and SAF/FMB and separation/retirement orders (AF Form 100) to AF/A1M to ensure the appropriate official obligation of MILPERS PCS funds for the movements associated with those assignments.

12.4. Complying with Statutory Entitlements. The MILPERS appropriation is basically a statutory entitlement appropriation. Most costs borne by the MILPERS appropriation can not be avoided or deferred as long as the member continues in service. See the e DoD FMR, Vol 7A for

specific military pay entitlements, and AFMAN 65-616, V1 for Financial Services Office procedures. Once on board, the Air Force must:

12.4.1. Pay military personnel at statutory rates.

12.4.2. Honor increases resulting from length of service.

12.4.3. Pay appropriate allowances for quarters, in amounts that vary by pay grade, when members are not furnished public quarters.

12.5. Budgeting and Funding for Permanent Change of Station (PCS) Movements. Apply this paragraph in funding for transportation of household goods (HHG) and travel of military personnel under special circumstances. SAF/FMB budgets for PCS moves. See AFMAN 65-604 for detailed project and subproject codes. See AFI 36-2110 for specific office responsibilities. See JFTR Vol 1 for official travel responsibilities.

12.5.1. Individual Moves:

12.5.1.1. Command-directed Moves. Charge costs to applicable CMA accounts in the military personnel appropriation. Command-directed moves include:

12.5.1.1.1. Moves of assigned personnel directed according to AFI 36-2110, *Assignments*, and related instructions.

12.5.1.1.2. Overseas extensions of individuals remaining under the same command jurisdiction. (See AFI 36-2110)

12.5.1.1.3. Command reassignment of individuals within the command, even though assistance from HQ USAF was provided.

12.5.1.1.4. PCS assignments made by major commands (MAJCOM) but requiring HQ USAF prior approval.

12.5.1.2. HQ USAF-directed Moves. Charge costs to applicable CMAs in the MILPERS appropriation. HQ USAF-directed moves include:

12.5.1.2.1. Moves directed by HQ USAF according to AFI 36-2110, and other Air Force instructions.

12.5.1.2.2. Assignment and reassignment of all general officers.

12.5.2. Unit Moves:

12.5.2.1. Command-directed. See AFI 16-403, *Updating The USAF Program Installations, Units, and Priorities and Movement of Air Force Units*, regarding command authority for directed movements of organized units. Charge the cost of individuals moving with the units to CMA PCS funds.

12.5.2.2. HQ USAF-directed:

12.5.2.2.1. HQ USAF directs all unit moves, except units referenced in AFI 16-403, *Updating The USAF Program Installations, Units, and Priorities and Movement of Air Force Units*.

12.5.2.2.2. Charge the CMA for the PCS costs of individuals under a HQ USAF-directed unit move.

12.5.2.2.3. You may only cite the HQ USAF-directed CMA funds for personnel actually assigned or to be assigned to authorized positions in the unit to be moved before the movement date. Reference the HQ USAF unit move directive in the orders you issue for fund citation. **Exclude:**

12.5.2.2.3.1. Personnel filling vacancies at the new location as a result of requisition and levy procedures.

12.5.2.2.3.2. Reassignments from schools.

12.5.2.2.3.3. Persons returning from overseas tours.

12.5.2.2.3.4. Persons returning from direct assignment on reenlistment or from civilian life.

12.5.2.2.3.5. Cite command-directed CMA funds for moves after the effective date of the unit move.

12.5.2.2.3.6. In programming unit moves, AF/A1PF (Director of Personnel Force Management) must estimate the number of individuals involved in the move, including those needed to support units at new locations. Show this data in the program document's (PD) summary of unit movements. Command requests to issue movement directives must not include personnel moves exceeding those authorized. For move requirements exceeding the number programmed, commands must provide detailed justification in the movement request and execution plans.

12.5.2.3. **Notification.** The command must notify SAF/FMBOP, 1130 Air Force Pentagon, Washington DC 20330-1130 (info to AFPC/DSH/DPAPA, Randolph AFB, Texas 78150-6001) of the number of individual officer and enlisted moves accomplished within 15 days after completing a unit move. SAF/FMBOP uses this data to validate obligations.

12.5.3. **Delayed Movement of Dependents or Household Goods (HHG).** Movement of dependents or HHG may occur after another PCS order has been issued. (See JFTR, Volume 1, Paragraphs U5222 Con D.) When this occurs, determine the chargeable fiscal year by the transfer effective date (TED) shown in the PCS orders.

12.5.3.1. When assignment is to an overseas area where dependents may accompany sponsor, but movement of dependents is delayed until after new PCS orders are issued reassigning the sponsor to another overseas location, charge the PCS to the funds cited in the PCS orders covering the sponsor's first overseas assignment.

12.5.3.2. When assignment is to an overseas area where dependents may not accompany the sponsor, and the sponsor is later reassigned to another overseas location where dependents are permitted, charge the costs related to moving the dependents to the new location to the funds cited in the PCS orders covering the sponsor's latest assignment.

12.5.3.3. When military members, civilian employees, and other persons travel under competent orders as escorts or attendants for dependents of members of the service, cite the O&M appropriation for travel and transportation allowances. (Reference JFTR, part Q, U7550, U7551, U7552, and U7553.) Pay the dependents' travel and transportation

allowances from the Military Personnel Appropriation's PCS account, using the member's PCS fund cite.

12.5.4. Advance Return of Dependents to Continental United States (CONUS). When orders authorize the advance return of dependents, and the member does not have a pending assignment, cite the funds that are on the current PCS order (PCS orders remain in effect until replaced). When orders authorize the advance return of dependents and the member has a pending assignment, cite the funds that would be cited on the members PCS orders. For example, if the actual transfer effective date (TED) of the member is a different fiscal year (FY) than the dependents' relocation date, you should code the subproject code of the fund cite to link the dependents' travel back to the member's TED. Do this by using a ".9" instead of ".0" in the subproject element of the fund cite (see MILPERS appropriation guidance in AFMAN 65-604). To determine the fund citation, see guidance on directing PCS moves in AFI 36-2110.

12.5.5. Rules for PCS Moves that Overlap More than One Project or Subproject. Project and subproject codes distinguish among the major types of PCS moves and generally coincide with the categories used for PCS move programming. When PCS moves fall under more than one budget project, or subproject, apply these rules:

12.5.5.1. The centrally managed allotment (CMA) for travel to and from overseas takes precedence over the CMA for training, PCS moves. For example, you charge a PCS from an Air Force school to an overseas assignment to CMA "travel to and from overseas" rather than "training travel."

12.5.5.2. The CMA for PCS moves to or from formal training schools takes precedence over the CMA for reassigning PCS moves within CONUS.

12.5.5.3. For PCS costs for individuals separating from the service, cite the CMA for separation travel:

12.5.5.4. When an individual serving in a CONUS station is ordered to another station for processing incident to separation prior to issuing the PCS order, charge the resulting TDY costs to the operation and maintenance (O&M) funds supporting the command of assignment.

12.5.5.5. When the last permanent duty station is overseas and the member is returned to CONUS for separation, charge all travel, transportation, and nontemporary storage costs to separation travel.

12.5.5.6. Charge costs associated with members accompanied by dependents to the United States between consecutive overseas tour (COT) areas to the MILPERS (57*3500) appropriation whenever new PCS orders are written and a move ensues. Also, charge the MILPERS (57*3500) appropriation when the member stays at the present duty station and there is no physical move.

12.5.6. Transporting Passengers, Unaccompanied Baggage and HHG, on Aircraft Operated by Air Mobility Command Under the Transportation Working Capital Fund (TWCF). SAF/FMB manages the CMA accounts that cover the TWCF airlift part of PCS travel expenses.

12.5.7. Surface Deployment and Distribution Command (SDDC) Charge the appropriate CMA accounts for TWCF transportation services, and overseas port terminals. This includes:

12.5.7.1. All costs of transportation services furnished by SDDC for military personnel on Air Force duty, their dependents, HHG, personal baggage, and privately owned automobiles (POV).

12.5.7.2. Transportation Services furnished by Army Port Terminals (CONUS) and overseas port terminals, including baggage handling charges for passengers embarking or debarking from SDDC vessels, port handling charges for HHG, and port handling charges connected with shipment of POVs. See DFAS *Interim Guidance on Accounting for Obligation* (formerly DFAS-DE 7000.4-R and AFR 170-8) Paragraph 13, for recording PCS travel obligations.

12.5.8. Household Goods (HHG) Shipments. The transportation officer initiating the shipment is responsible for determining the mode of shipment. Charge the CMA account cited in the PCS orders authorizing the shipment for all costs incident to shipping HHG, including contract packing and crating and other accessorial services. **Except:** follow paragraphs **12.5.6** and **12.5.7** for transportation services furnished by MSC, Army port terminals, overseas port terminals or Air Mobility Command.

12.5.9. Nontemporary Storage of HHG. Costs of nontemporary storage include linehaul charges to the storage facility, charges for accessorial services connected with the storage (see JFTR, Volume 1, Paragraph U5380-A), actual storage, and handling out charges to the warehouse docks.

12.5.9.1. Charge storage expenses to the appropriation current in the fiscal year when services are provided.

12.5.9.2. Charge the cost of nontemporary storage of HHG in commercial facilities resulting from PCS movement of military personnel (see JFTR, Volume 1, Paragraph U5380) to the CMA account prescribed for this purpose.

12.5.9.3. When HHG are at an overseas location and are returned to CONUS for storage, charge the cost of overseas shipment and storage to the CMA for rotation moves from overseas.

12.5.10. Dislocation Allowance. Charge the cost to the CMA account cited in the PCS movement orders. (A dislocation allowance is authorized to partially reimburse a member for expenses incurred in relocating HHG upon a PCS (see JFTR, Volume 1, U5600). The cost of dislocation allowance is part of the total PCS movement.)

12.5.11. Mobile Home Allowance. Charge the cost to the CMA account cited in the PCS movement orders. (A mobile home allowance is authorized to reimburse a member for the cost of transporting a mobile home (JFTR, Volume 1, U5500).

12.5.12. Reimbursable Transportation Expenses:

12.5.12.1. Some PCS moves result from requests of other federal agencies, governments, or international organizations under agreements requiring reimbursement for all or part of the travel and transportation costs to the MILPERS appropriation. Charge these costs to budget project accounts covering reimbursable PCS expenses (does not apply to Foreign Military Sales reimbursable costs).

12.5.12.2. To determine whether military PCS costs are reimbursable, orders issuing activities must consider agreements with other federal agencies, governments, or international organizations. For example, only the travel expenses of the military member are reimbursable upon assignment to a United Nations mission. Therefore, travel orders directing these moves must cite the Air Force reimbursable budget account for travel of the member only. Charge the cost of travel of dependents and shipment of HHG to and from overseas to the Air Force allotment that applies (see DFAS-DE Regulation 177-29).

12.5.12.3. Under the Mansfield Amendments, payments for wages are paid directly to the United States Government. Credit these collections to the MILPERS appropriation. Charge PCS costs of persons being reassigned for this duty to the CMA for movements to and from overseas. If the host country pays for PCS costs of mission members, travel of dependents, and shipment of HHG, credit the collections to the MILPERS appropriation.

12.5.12.4. Follow DFAS-DE Regulation 177-29 to identify reimbursable costs and collect for items included in MSC billings.

12.5.12.5. Follow this paragraph for PCS costs related to FMS programs.

12.5.12.5.1. Military personnel PCS costs related to FMS cases are reimbursable. Effective FY 2005, military personnel services supporting FMS must be priced using the composite rates that already include the PCS expense and must no longer use the actual PCS expense for PCS moves to support a PCS case.(DoD FMR 7000.14-R, Volume 15, Subparagraph 070203 C.

12.5.12.5.2. Composite standard pay rates include PCS costs and are subject to acceleration factors. Reimbursable FMS positions receive payment for PCS moves as a component of this composite standard pay rate. When military personnel must make a PCS move to support an FMS case, delete the PCS rate from the composite rate and charge the actual PCS cost to the case. In the latter situation, the actual PCS cost is not subject to acceleration.

12.5.13. PCS to Air Force Academy (USAFA) Preparatory School. Charge the PCS cost of Air Force personnel selected to attend the USAFA Preparatory School, Army Military Academy Preparatory School, or Naval Academy Preparatory School to the MILPERS appropriation (57*3500). Army and Navy appropriations must pay associated PCS costs for Army and Navy enlisted personnel selected to attend the USAFA Preparatory School. Include this guidance in any instructions you issue to Army and Navy installations .

12.5.14. Travel From Overseas to CONUS in Connection With Emergency Leave. PCS moves may arise as the result of emergency leave granted under AFMAN 65-116 Volume 2, *Defense Joint Military Pay System (DJMS) Unit Procedures Excluding FSO*, and AFI 36-3003. Treat these PCS moves as command-directed if the reassignment to the CONUS unit would otherwise have been command-directed. See paragraph **10.18** for funds to cite when a member is placed on TDY for return to CONUS on TWCF flights on a space required basis.

12.5.15. TDY Travel in Connection With PCS Movement:

12.5.15.1. **TDY Costs Chargeable to the MILPERS Appropriation.** Temporary duty travel (other than TDY Hold) is the responsibility of the requiring unit or command unless it is training funded by AETC or other commands or TDY other than training

funded by non-PCS sources. Charge TDY for briefings, de-briefings and special instructions to the requiring command's O&M funds. Charge TDY travel costs directly related and integral to PCS moves to the MILPERS PCS account only if the following condition(s) apply:

12.5.15.1.1. TDY does not exceed 15 days and is performed enroute to and for the purpose of supporting the follow-on position at the new permanent duty station.

12.5.15.1.2. TDY is for medical examinations, M-16 rifle training, obtaining passports and in-processing at host base when required under host/tenant agreement. No training other than M-16 is authorized in TDY status. Charge TDY for briefings, debriefings, and special instructions to the requiring command's O&M-type funds. Member noncurrent escort travel is not a PCS entitlement.

12.5.15.1.3. USAF (AFPC, AF/DPG, or AF/DPO), AF/HC or AF/JA authorizes. Authorization must be cited in PCS orders.

12.5.15.2. TDY Costs Not Chargeable to the MILPERS Appropriation:

12.5.15.2.1. Charge TDY requirements, other than those in paragraph [12.5.15.1](#) to O&M-type funds according to paragraph [10.3.4](#) Include the fund citation in the PCS order. This includes TDY travel for formal or informal training conducted by the Air University, MAJCOMs, HQ USAF staff agencies, or other government agencies.

12.5.15.2.2. But, transoceanic travel costs associated with directed TDY to CONUS incident to PCS are considered a PCS expense. Charge the cost to the applicable PCS funds (see paragraph [10.3](#) for details). Use the military personnel appropriation current on the transfer effective date to finance the cost of the military member's travel from the TDY station to a new permanent station and the cost of a dependent's travel from the old to the new permanent station.

12.5.15.3. **Movement on Indefinite/Indeterminate TDY.** HQ USAF specifically authorizes movements of individuals or organizations to overseas commands on indefinite TDY. Charge expenses to the budget subproject of the MILPERS appropriation. When authorized by HQ USAF, you will also charge the travel of dependents and transportation of HHG within the United States. Refer to JFTR V1, par. U4605.

12.5.16. **Fiscal Year (FY) Chargeable for PCS Moves.** At the time permanent change of station orders are issued for military personnel, obligations shall be recorded against current appropriations for all authorized reimbursable expenses incidental to relocation at the request of the US Government, and for transportation requests and bills of lading expected to be issued. The only exception is the obligation of costs for non-temporary contract commercial storage of household goods, which shall be obligated either in the period in which the service is rendered or to the appropriation current at the contract award.

12.6. Travel of Indigent Army, Navy, and Air Force Enlisted Personnel:

12.6.1. **Enlisted Personnel Not Traveling Under Official Orders.** Army, Navy, and Air Force enlisted personnel not traveling under official orders and not entitled to transportation at government expense may be issued meal tickets and transportation requests (TR) according to applicable directives. Charge appropriations as follows:

12.6.1.1. **Army Enlisted Personnel.** Army enlisted personnel may be advanced cash in an amount equivalent to the meal tickets. Charge the project that applies under the MILPERS appropriation, Army, for TRs, meal tickets, and cash advance. Army authorities will obtain reimbursement from the individual for these expenses.

12.6.1.2. **Navy Enlisted Personnel.** The Navy Department does not desire to have their personnel advanced cash in place of meal tickets. Charge the MILPERS appropriation, Navy, for TRs and meal tickets. Navy authorities obtain reimbursement from the individual for these expenses.

12.6.1.3. **Air Force Enlisted Personnel.** Air Force enlisted personnel may be advanced cash in amount equivalent to the meal tickets. Obtain reimbursement from the individual for these expenses according to AFI 24-101, *Passenger Travel*.

12.6.2. **Enlisted Personnel Traveling Under Official Orders.** Enlisted personnel (when traveling under official orders issued by their respective services) may be eligible for TRs and meal tickets. Cite the appropriation of the respective military service, as shown on the travel orders, for the TRs and meal tickets.

12.7. Other Military Personnel Costs. Charge the Air Force CMA Account (P-591.XX) for:

12.7.1. Return of absentees, deserters or escaped prisoners.

12.7.2. Payment of rewards and reimbursement for apprehension, detention and delivery of absentees, deserters, and escaped prisoners.

12.7.3. Travel of guards after the member is identified as a deserter by the parent organization.

12.7.4. **Return of Absentees, Deserters, or Escaped Military Prisoners.** The Air Force may furnish military personnel who are in an absent-without-leave, desertion, or escaped military prisoner status (under apprehension) the necessary transportation and meal tickets to return to their duty station or another place directed by competent authority. The travel and expenses of the apprehended member are funded by the Military Personnel CMA account (P-591.02). The travel and expenses of an escort to bring the apprehended member to a military installation is funded IAW with paragraph 12.8 below. See paragraph 12.7.5 for the payment of rewards and reimbursements for the return of apprehended members. If transportation and meal tickets are furnished for an apprehended member from another military department, charge the cost to the appropriation of the appropriate military department (that is, MILPERS, Army, Navy, or Marines). After a military member has been initially apprehended and returned to a military installation, further travel is funded IAW AFI 31-205, *The Air Force Corrections System*, Chapter 9, Paragraph 9.9.

12.7.5. **Payment of Rewards and Reimbursements for Apprehension, Detention and Delivery of Absentees, Deserters, Parole Violators, and Escaped Prisoners.** Per AFI 36-2911, *Desertion and Unauthorized Absence*, Chapter 3, Paragraph 3.5., any authorized communication, oral or written, from a military or federal law enforcement official or agency, requesting active cooperation in apprehending or delivering to military control an absentee or deserter wanted by a military department constitutes the basis for a reward. After this communication, the Air Force rewards or reimburses (but not both) persons or agencies apprehending, detaining or delivering absentees, deserters, escaped military prisoners, or

parole violators to military control under Air Force CMA account 591.01 (Rewards) and 591.02 (Reimbursements and expenses other than rewards and Escort travel). . If a non-Air Force military absentee/deserter/escapee is brought to an Air Force installation and a reward or reimbursement is due, the apprehendee's parent military department military personnel account pays, not the Air Force CMA. See DoD FMR 7000.14-R, Volume 10, *Contract Payment Policy and Procedures*, Chapter 12, Paragraph 120110.D.

12.7.6. Confinement in a Civilian Jail Pending Movement to a Military Confinement Facility. If confinement in a local civilian jail is required because there are no military confinement facilities on an installation, the cost of confinement is chargeable to the operating funds of that installation. **It is NOT chargeable to the MILPERS (3500) appropriation.**

12.8. Travel of Guards:

12.8.1. Charge transportation requests (TR) and meal tickets furnished to Air Force personnel acting as escorts of Air Force absentees, deserters, parole violators, and escaped military prisoners to the Air Force CMA account P-591.03. **Do not charge** these expenses against the pay of the Air Force returned member.

12.8.2. When Air Force escorts return Army personnel from an Air Force installation, charge the TRs and meal tickets furnished to the escorts to the MILPERS appropriation, Army. Obtain the full Department of Army accounting classification from Army fiscal codes, the nearest Army installation, Army headquarters, or the home organization of the Army absentees, deserters, or escapees.

12.9. Participation of USAFR and ANG Units in Regular Air Force Exercises (MPA Man-Day Program). To determine whether to finance charges for personnel participation from the Air Force MILPERS appropriation or from Reserve Personnel, Air Force, or the National Guard Personnel, Air Force appropriations, apply the following rules:

12.9.1. If the purpose is to fulfill active duty Air Force requirements, charge the pay and allowances to the MILPERS, Air Force appropriation. Charge travel and per diem costs to the O&M-type funds of the active duty Air Force organization being supported.

12.9.2. If the purpose is to fulfill ANG or USAFR training requirements, charge the costs to the reserve component personnel appropriation. For example, early commissioning of medical and dental officers is a program to fulfill training requirements of the USAFR, and you would charge pay and allowances and other costs to the USAFR appropriation.

12.10. Nontemporary Storage Charges. Pay nontemporary storage charges incident to PCS from annual appropriations and from the fiscal year when the storage services are rendered. See the Air Force PCS orders for the CMA fund citation.

12.11. Reimbursements for Military Personnel Services. See [paragraph 5.4.4](#) and [Chapter 18](#) DWCF.

12.12. The Subsistence Program. Charge the cost of basic allowance for subsistence (BAS) to the MILPERS Appropriation. Finance subsistence-in-kind for Air Force active duty personnel from the Military Personnel (57*3500) Appropriation. Finance subsistence-in-kind for Air National Guard and Air Force Reserve personnel from the Air National Guard personnel

(57*3850) and the Air Force Reserve personnel (57*3700) accounts. See Chapter 10, Section 10P, for further details.

12.13. Emergency Evacuation Allowances. 37 U.S.C. 405a authorizes the payment of emergency evacuation allowances when the Secretary of the Air Force, a designee, or other competent authority directs or approves the evacuation of dependents. Charge all authorized allowances to the MILPERS appropriation. For specific entitlements and rates, see the Joint Federal Travel Regulations. See AFMAN 65-604, PCS budget projects 5710 and 5810, for correct subproject coding.

12.14. Consecutive Overseas Tours. See [paragraph 4.41](#) for guidance on paying round-trip travel expenses for military personnel and their dependents from overseas to the CONUS between consecutive overseas tours (COT).

12.15. Housing Moves at a Permanent Duty Station (PDS) for Government Convenience. A Partial Dislocation Allowance (PDLA) must be paid to a member who is ordered to occupy/ vacate Government family-type quarters due to: a) privatization, b) renovation, (c) any reason other than PCS (See JFTR , Paragraph U5630-B15 for current rate). Payment is made from the Military Personnel (3500) Appropriation, Budget Project 599.04. If an AF Form 150 is completed by the Housing Office for a move and the Government pays for that move, the member is entitled to a PDLA payment. The one DLA per fiscal year limitation does not apply to partial DLA.

12.15.1. Expenses for Reconnection of Phones and Cable in Unaccompanied Housing. Members who are directed to move from one unaccompanied billet to another for the convenience of the Government will receive reimbursement for reconnection of telephones and cable TV. **This reimbursement will be paid from O&M (3400). PDLA is NOT authorized for moves between unaccompanied housing billets.**

12.15.2. Additionally, military members temporarily displaced from base housing as a result of programmed renovations/upgrades or emergency situations which require occupants to vacate quarters as determined by the installation commander, receive reimbursement for temporary lodging expenses that exceed BAH rates. Upon submission of SF 1164, *Claims for Reimbursement for Expenditures on Official Business*, **base O&M (3400) funds** should be used to reimburse the occupants for housing expenses exceeding the BAH entitlement amount (AF/ILE Memo 9 Jul 02, Reimbursement for Costs Incurred by Personnel Displaced from Family Housing) (Comptroller General Decisions B-213293 and B-225205).

12.16. Program 780, Reserve Officer Training Corps (ROTC). This program provides for:

12.16.1. Senior and Junior ROTC Programs.

12.16.1.1. **Senior ROTC Program:** For students enrolled in ROTC at the college or university level. Institutions participating in this program may have a 4-year program, a 2-year program or both. The two components of the senior ROTC program are the General Military Course (GMC) and the Professional Officer Course (POC). GMC members are freshmen and sophomore students who have successfully completed field training and entered into a “contract” with the Air Force. The mission of the senior ROTC program is to commission second lieutenants based on Air Force production requirements.

12.16.1.2. **Junior ROTC Program:** For students enrolled at public and private secondary schools. JROTC is a congressionally mandated citizenship-building program designed to acquaint secondary school students with the aerospace age, develop informed citizens, strengthen character, promote an understanding of the role of the citizen soldier in a democratic society, and motivate students for careers in the Air Force.

12.16.2. **Senior ROTC Institutional Program (Subproject 781).** The institutional program provides several entitlement programs for senior ROTC cadets enrolled at the college or university level. Entitlement programs include a monthly stipend (contract cadets only); uniforms (issue-in-kind and commutation), meals, and foreign language skill proficiency bonus pay (contract cadets only).

12.16.3. **Senior ROTC Field Training (FT) Program (Subproject 782).** The objectives of FT are to evaluate military leadership and discipline, determine potential for entry into the POC and to stratify candidate performance. These objectives orient officer candidates to the standards of a structured military environment, provide key Air Expeditionary Force (AEF) training and teach participants how an AF base and AEF operates. Funding for FT includes: training pay, meals, and uniforms.

12.16.4. **Junior ROTC Program (Subproject 783).** Provides funding to procure uniforms for newly activated units as well as replacement items in current units. Covers the cost of student meals during Curriculum-In-Action (CIA) field trips, Summer Leadership Schools (SLS), and Science, Technology, Engineering, and Math (STEM) camps.

12.16.5. **Professional Development Training (PDT) Program (Subproject 784).** Selected GMC and POC cadets spend 1 to 10 weeks in job related orientation at designated training locations. Entitlements include: training pay, meals and uniforms.

Chapter 13

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION (RDT&E) APPROPRIATION (57*3600)

Section 13A—General Guidance

13.1. Applying the Uniform Budget Structure. MAJCOM and program offices will prepare budgets by program element. SAF/AQ and FM use the budget structure prescribed by the Office of the Secretary of Defense (OSD) for the President's Budget:

Table 13.1. RDT&E Budget Structure.

	Budget Activity	Title
	1	Basic Research
	2	Applied Research
	3	Advance Technology Development (ATD)
	4	Advanced Component Development and Prototype (ACD&P)
	5	System Development and Demonstration (SDD)
	6	RDT&E Management Support
	7	Operational Systems Development

13.2. Managing RDT&E Funds. The Air Force manages RDT&E funds by program elements (which are also the baseline for reprogramming) for the current and expired fiscal years. In cases involving statutory or other congressional limitations, SAF/FMB may control funds for projects or subprojects. New obligation authority expires after 2 fiscal years. You may continue to apply available RDT&E funds for valid obligation adjustments and expenditures for 5 years after expiration under the original appropriation symbol. Manage and maintain the same level of detail for expired accounts as for current accounts. See [Chapter 6](#) for guidance on using expired and canceled accounts. [Chapter 3](#) contains specific guidance on budget authorizations, allocations, and allotments.

13.3. Applying Incremental Programming and Financing for RDT&E. Follow the guidance in DoD FMR 7000.14-R, Volume 2A, Chapter 1.

13.3.1. Commands should identify funds that are above programmed requirements to SAF/FMBIZ and SAF/AQXR, so the Air Force can reapply funds to other priority programs.

13.3.2. Program offices will document the justification for exceptions to incremental funding and retain such justification as part of the contract file.

13.3.3. **Award fee requirements** are planned and budgeted for as a part of the total weapon system cost. Award fees are a bona fide need of the same fiscal year and appropriation that

finances the related effort on which the award fee is based. To comply with RDT&E incremental funding policy, award fee requirements must be budgeted for and funded with the same fiscal year funds as the increment of associated effort. **Until the determination has been made that a contractor is due an award fee, the award fee funds are committed as a contingent liability, not obligated.** (See DoD FMR 7000.14-R, Volume 3, Chapter 8, Paragraph 080202)

13.4. Delineating Funding Responsibility Between RDT&E and Procurement Appropriations:

13.4.1. See DoD FMR 7000.14-R, Volume 2A, Chapter 1 for guidance on the types of costs RDT&E and related appropriations finance. Also see **Chapter 8** of this AFI.

13.4.2. Specify separate tasks in the contract (contract line items) so you will have documentation on contract accounts and voucher payments tied to specific appropriations.

13.4.3. **General Criteria:** When, after consideration of the following criteria, there is doubt as to the proper assignment of costs between appropriations, the issue should be resolved in favor of using RDT&E funding (DoD FMR 7000.14-R, Volume 2A, Chapter 1, Paragraph 010212.B).

13.5. Family Housing. Do not use RDT&E to construct, operate, or maintain family housing at R&D installations or activities.

13.6. Tenant Activities. See **Chapter 7**.

13.7. Managing Uncommitted and Unobligated Balances in RDT&E. Apply the following to make sure approved R&D programs are timely and effective.

13.7.1. HQ USAF may withdraw uncommitted balances at the end of the first year of availability.

13.7.2. Finance validated current and first prior fiscal year cost increases within the program element of the approved program. If the approved program is insufficient, then request reprogramming within Air Force approval authority.

13.7.3. Finance validated cost increases for an expired year within the allocation for the multiple-year period. If funds are not available, the MAJCOM will ask SAF/FM for more money to cover the deficit. Follow procedures in **Chapter 6**.

13.7.4. The RDT&E appropriation is legally available for up to 2 years for a new obligation and you may incur obligations at any time during the 2 years. However, due to its nature, PMA should be budgeted on an annual basis and reflected in the fiscal year during which the requirement is projected to execute. The appropriation used to fund PMA should be consistent with the work being performed and not determined simply by prorating between available appropriations. During execution, emergent PMA requirements may be paid from any fiscal year currently available for new obligation provided the appropriation cited is consistent with the task being supported. Shortfalls in budgeted PMA requirements need to be paid from the same appropriation as originally budgeted for the effort. In addition, when termination of a program is directed by Congress, initiated by the Air Force, or directed by OSD, the most recent funds appropriated for that program shall be used first to fund those day-to-day operating requirements necessary to execute termination. If no current year funds

were appropriated, prior year unexpired RDT&E funds shall be used for executing termination. This action does not require a waiver from SAF/FMBIZ.

13.8. Charging Cost Increases for Incrementally-funded R&D Contracts:

13.8.1. Incrementally-funded RDT&E contracts are:

13.8.1.1. Multiyear contracts that provide for requirements beyond one year, even though all funds to be obligated are not available at the time you sign the contract. In this case, the contract scope includes total requirements performed over a number of fiscal years. You initially obligate only the first year's requirements. In succeeding years, you fund and obligate succeeding annual contract requirements.

13.8.1.2. Contracts that provide only for the requirements of the current fiscal year. In this case, the contract scope describes only the annual requirements. You amend these contracts each year by changing the scope to include requirements for later fiscal years. You obligate current year funds for each annual change in scope.

13.8.2. Charge cost increases as follows:

13.8.2.1. If the cost increase occurs within the scope of the basic contract or contract amendments, charge the cost to the same appropriation and fiscal year cited on the basic contract or amendment (even if expired).

13.8.2.2. If the contract was incrementally funded and the increase is traceable to more than 1 fiscal year, prorate it accordingly. Base your proration among fiscal years on the relationship of the cost increase to the performance required under the basic contract, change order, or contract amendment -- either individually or in total. For example, a cost increase could relate to a specific amendment or accrue over the total period of performance. Evaluate each increase to determine the extent and need for proration. If the contractor's performance report provides this data, you may use it to do the proration.

13.9. Aircraft Engine Component Improvement. See DoD FMR 7000.14-R, Volume 2A, Chapter 1.

13.10. Information Technology Equipment (ITE). See Chapter 4, [Section 4B](#).

13.11. Value Engineering. See [Chapter 8](#).

13.12. Factory Training. See Chapter 10, [Section 10L](#).

13.13. General Use Vehicles for Research and Development (R&D) Activities. See [Chapter 8](#).

Section 13B—Funding to Acquire Research and Development (R&D) Facilities and Install R&D Equipment

13.14. Acquiring Facilities with RDT&E Funds. Generally, you must use MILCON to acquire facilities at government-operated R&D installations and activities. Do not use authorities for constructing with RDT&E to substitute for authorization of military construction projects or for authorization and appropriation of military construction funds. In particular, do not use RDT&E funds to produce facilities on military installations primarily for long term military use. You may use RDT&E funds for the following categories of construction.

13.14.1. **Test Facility.** A structure or improvement that is itself the subject of a test or is at least partially destroyed or consumed during testing (i.e., the facility is itself a test article). An example would be an aircraft shelter being tested for its ability to withstand bomb impacts.

13.14.2. **Prototype Facility.** A structure that is the first of its kind in terms of materials, application, and design. It may be either a small-scale model or a full-size structure or demonstration project, built solely to establish criteria for constructing follow-on facilities.

13.14.3. **Temporary Facility.** A specialized structure used to support a specific RDT&E project of limited duration. Such facilities must be clearly temporary in construction (non-permanent, provisional, and easily dismantled) with few decorative treatments or facades. The cost of all such exterior treatments may not exceed 5% of the total acquisition cost for the structure. You must follow AFI 32-1021, Chapter 6, *Relocatable Facilities*, in acquiring offices and warehouse space, facilities readily adaptable to such uses, and other structures having "general utility". You may only approve an RDT&E-funded temporary facility on a military installation for up to three years; remove it at the end of the project. MAJCOMs must obtain SAF/IEI approval (through A7C and SAF/FMBI) of any waivers to the three-year removal policy .

13.14.4. **Unspecified Minor Construction (10 U. S.C. 2805).** Use RDT&E for unspecified minor construction projects costing \$750,000 or less. All unspecified minor construction must result in a complete and usable facility. Do not use incremental construction, which is the planned acquisition of or improvement to, for a real-property facility through a series of minor construction projects. See AFI 32-1021 and AFI 32-1032.

13.14.5. **Facilities for Contractors.** You may use RDT&E to acquire industrial and R&D facilities that contractors need to fulfill R&D contracts (as authorized by 10 U.S.C. 2353 and DoD Directive 4275.5, *Acquisition and Management of Industrial Resources*). Submit each project through A7C to SAF/ IE for approval. Follow guidance in AFI 63-609, the Defense Federal Acquisition Regulation Supplement, DFARS 245.302-1, and HQ USAF supplements to the FAR. **Do not** use this authority to acquire facilities with general utility. ("General utility" means adaptable for uses other than the original purpose without alterations costing over \$750,000. **All** offices and warehouse buildings have general utility.) You do not have to treat test and prototype facilities as having general utility simply because they may be used as warehouse space with only minor alterations.

13.14.5.1. The contractor alone operates and maintains complex.

13.14.5.1.1. Convenience of the government and unusual circumstances dictate using RDT&E funding instead of MILCON funding.

13.14.5.1.2. The construction or improvement does not have general utility.

13.14.5.2. The Air Force must comply with Congressional reporting requirements (10 U.S.C. 2662) for facility projects submitted under 10 U.S.C. 2353 that involve real property acquisitions with a price or estimated value more than \$750,000. Wait 30 days after Congressional notification before entering into these transactions.

13.14.5.3. If the project is not in the President's Budget, submit it out-of-cycle to Congressional committees using the complete DD Form 1391 package, *Military Construction Project Data*, coordinated with AF/A7C and SAF/IE.

13.14.5.4. Use military construction funds for any other type of on-base building for contractor use. Except as stated in paragraph 13.15.3 above, remove all buildings erected for contractor use with RDT&E funds when the contractor has no further use for them, unless continued use is authorized under guidance for Test and Prototype Facilities.

13.14.5.5. Lease the military installation land on which a contractor's buildings (including relocatables) will rest to the contractor for five years under 10 U.S.C. 2667. You may write a longer lease if it will promote national defense or is in the public interest. Charge a nominal rent when the land will help someone carry out a government contract. Charge a pro-rata ground rent for any non-government use. Base the ground rent on fair market value at the time non-government use begins. Under the lease, the government will retain the right to approve non-government use. When the facility costs more than \$2 million, report to the Congress under 10 U.S.C 2662 before signing the lease, whether or not the fair-market ground rent exceeds the reporting threshold (now \$750,000). The Air Force must always submit the report when the fair-market ground rent (regardless of the rent actually charged) exceeds the reporting threshold.

13.14.5.6. Report real property facilities leased from a contractor(s) to Congress 30 days before signing the lease if the fair-market rental value of the property exceeds \$750,000. Include a report on the facts concerning the proposed transactions.

13.14.5.7. When you lease real property, report the lease to the Armed Services Committees under 10 U.S.C. 2662 if the fair-market value of the real property is more than \$750,000, even though the purchase price may be less. If the contract charges nothing or less than fair-market value, you must get authority to acquire the property under current construction guidelines using fair-market value rather than price (see AFI 32-9001).

13.14.5.8. Do not use facilities constructed on base for use by contractors to house government activities (other than those funded out of military construction or minor construction funds). If the senior Air Force official responsible for the contract determines government people must occupy the contractor's facility to monitor contract performance and protect government interests, they can not occupy more than 25% of the available space. To exceed this 25% limit, you must get a waiver from SAF/IEI, or get minor construction funds or MILCON authorization and appropriations to pay a pro rata share of the cost of the facility, based on the space occupied.

13.14.5.9. Under 10 U.S.C. 2353, the Air Force may enter into an R&D contract that furnishes the contractor (or allows the contractor to acquire or construct) RDT&E facilities and equipment on property not owned by the government. The facilities must be necessary to carry out the contract. Do not install or construct facilities that would not be readily available or separable without unreasonable expense (on property not owned by the government) unless the contract contains:

13.14.5.9.1. A provision to reimburse the government for the fair value of the facilities.

13.14.5.9.2. An option for the government to acquire the underlying land.

13.14.5.9.3. Or an alternative provision that protects the interests of the United States.

13.14.6. Relocatable Building. You may use a relocatable building to satisfy a temporary requirement for RDT&E. (A relocatable building is designed and packaged to be readily moved, erected, disassembled, stored, and reused. Prefabricated buildings consisting of pre-cut, formed, and drilled materials that permit easy assembly, but which are not designed for disassembly and relocation are not relocatable buildings.) Do not use a relocatable structure bought with RDT&E funds longer than the project requires or three years, whichever is less. For use beyond three years, you must obtain a waiver from SAF/IEI, submitted through AF/A7C and coordinated with SAF/FMBI. Fund site preparation, foundations, utilities, and other supporting construction costs under \$750,000 (according to [paragraph 13.14.4](#)) to EEIC 529. Include in your justification why the requirement is temporary and how you will meet it after three years. Return the relocatable building to stock when no longer needed or after 3 years, whichever is less. Follow approval levels in AFI 32-1021, Chapter 6.

13.14.7. SAF/FMBI approves, as an exception, projects not identified in the budget request with an installation, test or prototype cost up to \$750,000 if you identify justification for their urgency (cost penalties, program delays, etc.), subject to New Start rules. Show these projects in the next budget submission.

13.15. Installing R&D Equipment. The cost of installing equipment as an integral part of a new RDT&E facility is construction. You must fund it as construction, except for motor generator sets, security systems, and uninterruptible power supplies (UPS), which always fall under RDT&E or O&M. Equipment not readily severable from the facility is considered part of the facility. Fund it from the appropriation used to construct the building. (Readily severable means equipment which can be removed without destroying the equipment or changing the building's basic structure or purpose.) However, in existing facilities, you may use RDT&E funds to install, change, or relocate movable equipment for RDT&E activities. Do this only if the action does not expand the facilities outer dimensions and is for one or more of these specific requirements:

13.15.1. Installing and relocating prefabricated interior screens, partitions, and dividers, mostly unattached; movable screens or detachable panels held in place by light braces, and screws readily removed without impairing either the panels, floors, walls, or ceilings. These devices, used to install equipment, do not go on the real property records. For cost categories and additional guidance, see AFI 32-9005.

13.15.2. Installing false floors and platforms required only to support operating equipment. Use [Chapter 4 Section 4B Paragraph 4.5](#) for cost definition and additional guidance.

13.15.3. Installing required shielding for electromagnetic radiating devices. (However, structural modifications, including new permanent partitions incident to the installation of shielding, are construction. Also, you must budget and fund all anechoic chambers, whose cost exceeds the statutory dollar limit for minor construction (now \$750,000), from the MILCON appropriation.

13.15.4. Temporarily removing and reinstalling parts of existing walls, roofs, utility systems, and appurtenances, to permit installation of equipment. This may involve rerouting or relocating systems and appurtenances but may not increase the physical outer dimensions.

13.15.5. Installing special foundations, pits, pads, or slab-on-grade in facilities. Limit installations on floors other than slab-on-grade to bases needed to spread the load and secure equipment. Increasing the load-bearing capacity of these floors by additional or larger structural components is construction.

13.15.6. Secondary utility work, needed to connect the equipment to utilities services already in the facility. This work lies between the utilities' primary entry or source within the structure and the equipment to be served; for example, from the existing main electrical service panel, or for equipment requiring primary voltage from the building primary bus. Include structural provisions (conduit or cavity runs) for known requirements in the project design to avoid later structural damage during installation after the fact.

13.16. Installing Air Conditioning. Use RDT&E:

13.16.1. Only for equipment spaces directly related to the equipment and not in associated administrative or other work spaces. Projects for air conditioning of administrative or other work space are construction. When possible, use an extension or expansion of a central plant to provide air conditioning under these circumstances. This may include extending the duct work, direct expansion systems, or the chilled water systems by installing new water lines and new air handling units.

13.16.2. For equipment that the manufacturer states must be operating in an air-conditioned or humidity-controlled space.

13.16.3. For prefabricated clean rooms installed in non-air conditioned space or when the building's central system can not keep the clean room at the right temperature and humidity.

13.16.4. For operator comfort when the equipment to be installed will make the nearby temperature or humidity unreasonably high.

13.16.5. Mechanical ventilation and separate exhaust systems, when needed to keep people safe or equipment operating to the manufacturer's specifications.

13.17. Funding Criteria. Before authorizing the type of work specified in **paragraphs 13.15 through 13.17** using RDT&E funds, make sure the project meets all these criteria:

13.17.1. The equipment or facility project must support an approved RDT&E effort.

13.17.2. Resources must be available.

13.17.3. Preliminary engineering must be complete.

13.17.4. The Air Force must submit and the Congress approve a DD Form 1391, **FY 20__ Military Construction Project Data**, (appropriate funds). For forms 1391 showing you expect to use prior-year funding (fallout money), include Congressional advisory notices: "We expect to construct this building with FY __ (prior year) funding, starting 30 days after submittal of this budget request unless the subcommittee disapproves in writing."

13.18. Approving RDT&E Funds:

13.18.1. **Unspecified Minor Construction.** Usually, you acquire or modify facilities at an R&D installation using programming procedures in AFI 32-1021 and AFI 32-1032. The threshold is \$750,000. For projects above this threshold, submit appropriate DD 1391s for approval and funding using P-341 or MILCON procedures. Follow AFI 32-1021, 1032, and 1023. If you are planning to construct a building and install specialized RDT&E equipment acquired with RDT&E funds at the same time, include the construction and equipment on the same DD Form 1391, according to AFI 32-1021. For budget estimate submissions, you may consolidate and submit all unspecified minor construction on a single DD Form 1391.

13.18.2. **Contractor Research and Development on Plant Property.** Get approval for industrial and R&D facilities needed by contractors to perform R&D contacts as specified in AFI 63-609. SAF/AQXR is the HQ USAF office of primary responsibility (OPR) for all industrial and R&D facilities supporting contractor operations except for the Lincoln Laboratory. Process equipment installation projects for the Lincoln Laboratory according to this instruction.

13.18.3. Acquiring and installing RDT&E Equipment. (See [paragraph 13.16](#))

13.18.4. The Commander of AFMC may:

13.18.4.1. Approve a project clearly within the intent of paragraphs [13.15.1](#) and [13.16](#) provided the construction cost is \$750,000 or less.

13.18.4.2. Approve any project described in [paragraphs 13.15.2, 13.15.3](#) or [13.15.6](#) with a cost of \$750,000 or less for construction.

13.18.4.3. Delegate in writing all or part of the approval to particular senior staff officers, intermediate commanders, and laboratory directors.

13.18.5. SAF/FMBI must approve any project not clearly within the intent of paragraphs [13.15](#) and [13.16](#)

13.19. Responsibilities of SAF/IEI. Authorize the transmission to the appropriate congressional committees of the Title 10 real property acquisition reports, as prescribed by 10 U.S.C. 2662. Approve all facility leases including non-excess Air Force controlled real property, as well as the consideration or rental to be charged for leases.

13.20. Responsibilities of HQ AFMC and HQ AFSPC:

13.20.1. Implement this instruction.

13.20.2. Oversee projects authorized under this instruction to make sure they comply with Air Force guidance. The civil engineer must be involved with the users (laboratories, center, divisions, etc.).

13.20.3. Review, validate, and approve (or obtain SAF/FMBI approval for) using RDT&E funds within the intent of this instruction. Make sure a DD Form 1391, *Military Construction Project Data*, is prepared for each project not within the \$750,000 threshold or not within local approval authority. You may consolidate unspecified minor construction less than \$750,000 on one Form 1391. You may approve projects costing less than \$15,000 on other auditable documents.

13.20.4. Submit DD Form 1391, *Military Construction Project Data*, to AF/A7CC. Submit annually on 15 June unless directed otherwise. For construction planned on an incremental funding basis, you must justify less than full funding.

13.20.5. Advise the Air Staff Program Element Monitor (PEM) of the construction requirements for the PEM's program and recommend appropriate funding (MILCON or RDT&E) under this instruction. If you recommend RDT&E for construction exceeding \$750,000, document the unusual circumstances and convenience of the Government, which warrant using RDT&E.

13.21. Accounting Records:

13.21.1. Account for work done under this instruction that becomes real property on real property records. Refer to AFI 32-9005, *Real Property Accountability and Reporting*.

13.21.2. In the real property account, do not include the cost to install and replace R&D equipment; to build structures that are to be destroyed or consumed in a test; or to acquire relocatable facilities. AFI 32-9005 tells how to account for real property records.

13.21.3. Show technical operating equipment on the Chief of Supply accountable records. It is considered collateral equipment. At the time a facility is transferred to the real property records, transfer all collateral equipment to the Chief of Supply, who, in turn, reissues the equipment to the property custodian. For guidance, see AFI 32-9005 and AFMAN 23-110.

13.22. Disposing of Records. Maintain records of past and projected use of RDT&E funds to inform OSD and Congress. HQ AFMC will record all uses above local approval of RDT&E funds for construction and equipment installation, broken out by program elements if possible. "For disposition of these records, follow the Air Force Records Disposition Schedule (RDS) located at <https://www.my.af.mil/afirms/afirms/afirms/rims.cfm>.

13.23. Environmental Certification:

13.23.1. You must consider environment impact in planning and designing each. See AFI 32-7061, *The Environmental Impact Analysis Process*.

13.23.2. You must have a completed EIAP action on all projects, regardless of approval authority, before starting work. For all projects above local (Product, Test and Air Logistic Complex Commander) approval authority, submit an environmental certificate of compliance (DD Form 1391c) to HQ AFMC/CEP or HQ AFSPC/CEP before beginning work.

Chapter 14

TEST AND EVALUATION

14.1. Applying This Chapter. This chapter provides additional guidance to DoD FMR 7000.14-R, , Volume 2A, Chapter 1 and DoDD 3200.11, *Major Range and Test Facility Base (MRTFB)*. The procedures in this chapter take precedence over others in this instruction for test and evaluation. Follow Chapter 13 for Research, Development, Test and Evaluation (RDT&E), incremental programming and budgeting rules. Determination of proper funding for Test and Evaluation activities is dependent upon the purpose of the test.

14.2. Funding Test and Evaluation (T&E) Costs.

14.2.1. Finance development prototypes, pilot line production, and test articles based on the purpose of the test as follows:

14.2.1.1. Use RDT&E to fund for development (preproduction) prototypes for Developmental Test and Evaluation (DT&E) and operational testing that support or result in full-rate production (FRP) or acceptance for operational use (i.e., fielding). **Note:** The types of operational testing and all derivatives are defined in AFI 99-103 and [Attachment 1](#)).

14.2.1.2. Use RDT&E to pay for initial pilot line production if the testing activity requires special pilot items for DT&E and operational testing that supports or results in a FRP or acceptance for operational use. See [paragraph 8.24](#) for pilot production guidance.

14.2.1.3. Use Procurement funds to acquire test articles for any type of operational testing that does not support FRP or fielding.

14.2.1.4. Use Procurement and O&M-type funds to reconfigure RDT&E-financed preproduction articles reassigned for operations or inventory after the test program is complete (see [paragraph 8.8](#)).

14.2.2. Pay for special support costs needed for an approved DT&E, QT&E, qualification test, PAT&E, or operational test for a different military end item as follows: ("Special support" costs consist of major end items not included in the Consolidated Sustainment Activity Group – Supply of the Air Force WCF, such as weapons, test vehicles, equipment, or their major components.)

14.2.2.1. Generally, use RDT&E to buy test articles and test support. Include costs for "special support" and "command support" for all tests before and leading to acceptance for operational use.

14.2.2.2. Items reassigned from inventory to support T&E shall be paid as follows: (Items otherwise approved for procurement for operational use and not consumed in testing.)

14.2.2.2.1. Use program or test funds to reimburse for such items (excluding items within the Consolidated Sustainment Activity Group – Supply) of the Air Force WCF.

14.2.2.2.2. If an operational requirement develops during the loan period, the item must be returned to inventory or a replacement bought with program funds.

14.2.2.2.3. The test director provides for maintenance (other than Permanent Modification changes) without interfering with the test purposes.

14.2.2.2.4. Use RDT&E funds to pay for restoring these items to their original form and condition when they go back to operational inventory after completing the DT&E or operational testing that supports a FRP or acceptance for operational use.

14.2.2.2.5. Then, use Procurement or O&M-type funds to update the items to operating form.

14.2.2.3. Items consumed in DT&E or operational testing that supports a FRP or acceptance for operational use shall be paid with RDT&E funds; however, do not reimburse for consumable rounds of ammunition or tactical missiles (items bought in quantity for inventory under existing procedures and issued based on priority for testing), unless DWCF funds paid for them.

14.2.2.4. Use RDT&E for items requiring engineering, design, integration, test, or evaluation before FRP, fielding, or acceptance for operational use.

14.2.3. Implementing commands must use RDT&E funds to acquire major test vehicles, such as ballistic boosters or upper stages (either “standardized” as test vehicles or bought centrally for operational use or inventory). These vehicles must support an approved program for developmental testing which RDT&E is paying for.

14.2.4. Pay for flying hours as follows:

14.2.4.1. The owning command pays for aircraft flying hours and support (see exception below). (The program document for the command that “owns” the aircraft shows authorized test and evaluation flying hours.)

14.2.4.2. Use program or test funds to reimburse maintenance costs per flying hour at the base-level.

14.2.4.3. Exception: Follow the guidance in DoDD 3200.11 for flying-hour support provided by designated DoD major ranges and test facilities. Follow [paragraph 14.3.5.1](#) for Air Mobility Command (AMC) TWCF aircraft not used as the primary test vehicle.

14.2.5. Reimburse direct costs for support from designated RDT&E and test activities (See [Chapter 7, Section 7I](#)), regardless of the other provisions of this chapter. (See guidance on designated support activities for test and evaluation in DoDD 3200.11 and AFI 99-103.)

14.2.6. Use Procurement or O&M funds, as appropriate, to pay for testing not associated with RDT&E, such as:

14.2.6.1. Acceptance, quality control, WSEP, tactics development and evaluation (TD&E), and surveillance testing of articles obtained for purposes other than RDT&E.

14.2.6.2. Routine testing for logistic support.

14.2.6.3. Testing related to operating and maintaining equipment and material bought under appropriations other than RDT&E.

14.2.6.4. Testing needed to show a plant can produce items approved for production (charge to Procurement as part of the initial acquisition cost).

14.2.7. Use O&M or Procurement funds (based upon Expense/Investment criteria) to fund commercial and non-developmental items which do not require RDT&E engineering, design or integration. Pay for personnel and command support costs from O&M when field units test and evaluate operation of commercial items for doctrine, operations, or organization.

14.2.8. Apply guidance in paragraph [14.2.6](#) for all operational testing conducted after accepting an item for operational use. Also apply it for operational tests showing how the item operates or to develop operational tactics.

14.2.8.1. Use O&M or Procurement funds (based on expense/investment criteria) to acquire test articles.

14.2.8.2. Use O&M for personnel and command support.

14.2.9. Use Procurement funds (subject to expense/investment criteria) to buy off-the-shelf equipment. But use RDT&E if the equipment supports RDT&E-funded T&E. Also, use RDT&E for items, including special purpose software, that require engineering design, integration, testing, or evaluation.

14.2.10. Use RDT&E for DT&E and operational testing of special-purpose equipment and software for automatic data processing (equipment or software) prior to FRP or acceptance for operational use:

14.2.10.1. Specially designed to meet a military operational requirement or to do only a predetermined set or series of computations.

14.2.10.2. Which may need to meet specific physical or environmental conditions.

14.2.10.3. Which may physically or functionally integral to a higher order system.

14.2.10.4. Use O&M or Procurement funds (based on expense/investment criteria) to buy and test these items after acceptance for operational use.

14.2.11. See [Chapter 4, Section 4B](#), for funding general-purpose equipment and software used in automatic data processing.

14.3. Funding for Operational Testing.

14.3.1. **Types of Funds.** Except when this chapter states otherwise, tests conducted by operational test organizations (i.e., the Air Force Operational Test and Evaluation Center (AFOTEC) and MAJCOM operational test organizations) in support of FRP or fielding are paid with RDT&E. QOT&E is funded with O&M or Procurement funds through regular O&M or Procurement channels. (See Chapters 1 and 5 of DoD FMR 7000.14-R, Volume 2.)

14.3.2. Test Items:

14.3.2.1. The developing or owning command pays the cost of procuring the test item and its direct support based on the purpose of the test. Direct support, funded either by the operational or implementing command, includes maintaining the test item (including contractor support), supply items to keep the test item serviceable, and POL for the test item.

14.3.3. Operational Test Organization Support of Operational Testing. Operational test organizations (i.e., AFOTEC and MAJCOM operational testers) will use O&M to support the following operational test activities:

14.3.3.1. Administering operational test organization policies and programs.

14.3.3.2. Analyzing test results not related to specific programs.

14.3.3.3. Supporting scientific, technical, planning, or analytical work under contract but not related to specific programs.

14.3.4. Implementing Command Support to Operational Testing. The implementing command uses O&M or RDT&E funds to pay its own travel, per diem, overtime, and other support costs. This does not apply to AFMC or AFSPC organizations involved with the program office or acquisition process that provide technical support to the test, such as the Air Force Human Resource Laboratory (AFHRL).

14.3.5. Transportation Working Capital Funds (TWCF) Support to T&E.

14.3.5.1. **Use as a Test Vehicle.** If one of AMC's TWCF aircraft is required for a dedicated test role, AMC, as owning command, will provide the aircraft without reimbursement from test funds based on the purpose of the test. An example would be an aircraft required to airdrop test material or fly approaches to a test navigational aid (NAVAID). HQ AMC budgets and funds for flying hours dedicated to T&E (i.e., SAAM missions).

14.3.5.2. **Use to Transport Test Articles or People.** Pay transportation costs from appropriate funds when airlift must move test articles or people. Request support through the airlift validator command or agency.

14.3.6. Post-test Costs. When AFOTEC-conducted IOT&E or OUE is over, AFOTEC will continue to use RDT&E funds for any additional operational testing (i.e., FOT&E) that occurs as a result of test reports and decision briefings. After AFOTEC involvement ends, the operating or supporting command conducts and finances operational testing based on the purpose of the test.

14.3.7. Personnel Pay Costs. Use RDT&E or O&M (based on the nature of the test) to reimburse overtime and pay temporary overhires directly supporting the test for operations, such as ranges. Do not use RDT&E or O&M to reimburse supporting commands regular base pay (base and benefits) of permanently authorized personnel.

14.4. Funding Qualification Tests and PAT&E Tests. Use Procurement appropriations to pay for these tests (including verification of technical data) performed during the production cycle (or when you do not have RDT&E funding). The implementing command pays TDY costs with O&M funds.

14.5. Budgeting and Funding DT&E. The implementing command budgets and funds DT&E requirements with RDT&E funds as part of the total development budget for weapon system. QT&E is funded with Procurement funds if the item is still in production, or O&M funds if the item is no longer in production.

14.6. Budgeting and Funding for Operational Testing:

14.6.1. AFOTEC and MAJCOM operational test organizations will fund operational test requirements for assigned programs via the Program Objective Memorandum (POM) and budget submissions. There are two exceptions: a) AFOTEC identifies requirements for MFP XI funded operational testing to USSOCOM, who is responsible for POM and budget submissions; and b) case-by-case exceptions where large operational test programs (approximately \$8M) are concerned. In the year of execution, if the test organization has not programmed and/or budgeted for the test activity, program funding may be used to conduct and/or support testing as required by the test organization. Program funding will further be available to conduct and/or support testing of block upgrades and major modifications to fielded systems when such testing is assigned to MAJCOMs and the upgrades and modifications are managed by the acquisition or sustainment program offices. In these cases, the test organizations will submit funding estimates to the respective program offices when test requirements are levied. This shall not become the standard practice and does not alleviate Test Organization responsibility to POM for resources to support their known requirements.

14.6.2. For large operational test programs only: HQ USAF/TER, SAF/AQX, SAF/FMB, AFOTEC, and program office representatives will review each large operational test program during POM development. AFOTEC will bring the issue into the Air Force Corporate Process in their POM. The outcome of this effort will result in programming of operational test funding requirements, lead-time away, into the correct Program Element (PE). The final independent assessment for determining the organization responsible for funding the test program will reside with SAF/FMB. For remaining programs, operational test funding requirements will be identified budget lead-time away to the operational test organization to be included in their POM submission. Otherwise, funding must accompany the test program for the operational test organization to conduct the testing. Additionally, if there are additional operational testing costs as a result of program slippage or deferments, the customer must provide additional funding as appropriate. HQ USAF/TER will confirm that operational test funding levels in the POM and Budget Estimate Submission exercises are adequate, and identify any shortfalls to SAF/AQXR to ensure proper programming.

14.6.3. If an operational test team member requires Type I factory training (as defined in AFI 36-2201, Volume 2, *Training Development, Delivery and Evaluation*) to meet test team requirements, the acquisition or development agency will provide funding to Air Education and Training Command (AETC) irrespective of any follow-on benefits the training might provide. This includes the contract cost itself and related TDY. Type I training will be funded with O&M appropriations for QOT&E and MAJCOM-operational testing in support of O&M-funded activities. If a separate training contract is impractical, the program manager may include Type I training as a line item in the acquisition contract, as provided in AFI 36-2201.

14.6.4. When combining DT&E and operational testing, the implementing command programs and budgets the DT&E portion. The operational test organization will program and budget net additive costs for operational testing that support those activities assigned to the operational tester in the T&E Master Plan (TEMP) and associated Test Resource Plan (TRP).

14.6.5. In determining the type(s) of funding for operational testing for budget formulation, use the scheduled major production or acceptance for operational use date directed when preparing field budget submissions. In general, use RDT&E funds prior to acceptance for operational use, to include block upgrades and major modifications managed by the acquisition or sustainment program office, and use O&M or Procurement funds after acceptance for operational use. For programs using an EA strategy (i.e., fielding increments of capability), fund test costs based on the purpose of the test(s) for each increment. For programs that do not have major production or acceptance for operational use decisions, use the net additive costs for operational testing as determined by the operational test organization(s) for planning, budgeting and funding.

Figure 14.1. Examples of Test and Evaluation Support Costs.

Range Costs (DoDD 3200.11)
Rental of Equipment
Printing and Reproduction
Transportation of Things
Communications
Sustainment, Restoration, and Modernization (formerly Real Property Maintenance) & Construction
Contractor Support
Data Reduction
Special Supplies & Equipment
Leases
Civilian Personnel Overtime & Temporary Overhires
Contract Training
Per Diem and Travel
Transportation of Things to Support Command Personnel Including In-Use Equipment Required for the Test
Other Supplies and Equipment Required for Support of Command Personnel and In-Use Equipment
Pretest Planning Activities
Test Preparation Activities

Chapter 15

AIR FORCE RESERVE APPROPRIATIONS (57*3700, 57*3740)

15.1. Overview. This chapter covers Reserve Personnel (57*3700) and Operation and Maintenance, Air Force Reserve (O&M, AFR) (57*3740). For Military Construction, USAFR (57*3730), apply the guidance in **Chapter 9**. For further guidance, see AFRCI 65-601.

15.2. Using the Reserve Personnel, Air Force Appropriation (57*3700). Use 3700 funds to pay program and project costs listed in paragraphs 15.2.1. and 15.2.2. for Air Force Reserve personnel on duty under Title 10 U.S.C., Sections 265, 672, 678, 8021, and 8038, or undergoing Reserve training, performing drills, or equivalent duty. All projects/subprojects are funded in Budget Activity Code (BAC) 01.

15.2.1. Program 720 (P-720), Reserve Personnel. Provides for pay and allowances, clothing, subsistence, uniforms, gratuities, travel, and related expenses, including the federal government's portion of the Serviceman's Group Life Insurance program. P-720 covers Air Force Reserve personnel performing active duty, active duty for training, unit training assemblies, additional flying training, or equivalent duty training. Project 720 consists of these pay categories:

15.2.1.1. Pay Group A. (Project 721 and 728). For personnel assigned to Reserve flying and mission support units and authorized 15 days of paid active duty for training and 48 paid inactive duty drill periods per fiscal year. Personnel on flying status are authorized up to 48 additional flying training periods (AFTPs) each fiscal year. Personnel may also be authorized up to 24 additional Readiness Management Periods (RMPs) to prepare for Unit Training Assemblies.

15.2.1.2. Pay Group B (Project 722). For personnel assigned to major command (MAJCOM) and authorized 12-15 days of paid active duty for training and 24 paid inactive duty drill periods each fiscal year.

15.2.1.3. Pay Group F (Project 725). For non-prior service personnel while receiving initial active duty for training with follow-on technical training.

15.2.1.4. Pay Group P (Paid and Non-Paid Recruits for accounting purposes, group P is in project 721). For non-prior service personnel who take part in multiple drill assemblies or weekend training, up to 48 periods, before entering initial active duty for training.

15.2.1.5. School Tours (Project 726). Category includes USAFR officers and enlisted members performing tours of active duty for training as students at regular, associate, refresher, technical courses at service schools, unit schools, and officer training schools to increase the mobilization potential and readiness of Reservists.

15.2.1.6. Special Training (Project 727). Category includes USAFR officers and enlisted members performing tours of active duty for training other than those covered by pay groups and school training (e.g., Arctic and over-water indoctrination flights, airborne support training, aircraft ferrying, aircrew instructors, command and staff supervision, exercises, etc.).

15.2.1.7. Administration and Support – Active Guard and Reserve (Project 731). Project includes USAFR officers and enlisted members on active duty under 10 U.S.C. Sections 265, 672-678, 8021, and 8038.

15.2.2. Disability, Hospitalization, Death Gratuity, Selected Reserve Health Profession Stipend and Other Costs (Project 734). For pay and allowances, including FICA, retired pay accrual, travel and transportation, and per diem associated with Air Force Reserve officers and enlisted personnel who suffer injury or contract diseases in line of duty while participating in active or inactive duty training, except as covered by orders issued prior to disability. For death gratuity payments to beneficiaries of Air Force Reserve officer and enlisted personnel who die while participating in active or inactive duty training. For payment of Selective Reserve members in Health Profession who qualify for stipend program. For other payments determined appropriate that does not belong to other projects. (See AFMAN 65-604 for subprojects.)

15.2.2.1. INDIVIDUAL READY RESERVE TRAINING AND SCREENING (Project 735). For pay and allowances, travel, transportation, per diem and muster pay for members of the Individual Ready Reserve who participate in active duty for training or IRR annual screening. (See AFMAN 65-604 for subprojects.)

15.2.2.2. BONUS INCENTIVES INCLUDING MONTGOMERY GI BILL (Project 739). For costs associated with initial and anniversary payments to Air Force Reserve officer and enlisted personnel who qualify for bonus incentives. (See AFMAN 65-604 for subprojects.)

15.2.3. Health Professions Scholarship Program (HPSP) (Project 785) and Medical Financial Assistance Program (FAP) (Project 786). Provide for stipend, travel, and uniform allowances for students enrolled in health professional study at an accredited college, university, or institution. They also provide for pay and allowances of these students while on active duty for training.

15.2.4. **Criteria.** Apply these criteria to determine whether to use Reserve Personnel, Air Force (57*3700), or Military Personnel, Air Force (57*3500) to finance Reserve personnel training:

15.2.4.1. **Charge 3700** if the participating Reserve personnel are fulfilling USAFR personnel program training requirements.

15.2.4.2. **Charge 3500** if the participating Reserve personnel are fulfilling active duty Air Force mission requirements. Charge O&M funds available to the active Air Force organization being supported (57*3400 or 3600) for any per diem entitlements at the principal duty station, as well as for TDY travel costs incurred away from the principal duty station.

15.2.5. **Funding Pay and Allowances for AFRC Members Who Are Court-Martialed.** Guidance to be issued upon clarification in AFI 36-2254 Volume 1, *Reserve Personnel Participation*.

15.3. Using the Operation and Maintenance, AFR, Appropriation (57*3740). Pay O&M, AFR, costs from the appropriate budget activity code (BAC) as follows:

Table 15.1. Operations and Maintenance, AFR, Budget Activity Codes (BAC).

Use This Budget Activity Code	For These Costs
Mission Forces (BAC 01).	Provides for aircraft POL, civilian personnel, travel, transportation, contract services, supplies and equipment for operating, maintaining and supporting USAFR flying and nonflying units. Provides for utilities, rents, communication, and other O&M expenses associated with the operation of a base when USAFR is the host. Excludes: base operating support (BOS) expenses for USAFR units tenanted on active duty Air Force bases.
Depot Maintenance (BAC 01).	Provides for depot level aircraft repair and modification, engine overhaul, repair of other major end items, area base support, and sustaining engineering applicable to USAFR aircraft and equipment.
Other Support (BAC 04).	Provides for pay of civilian personnel, travel, transportation, contractual services, supplies, audiovisual, recruiting, advertising, disability compensation, equipment and other administrative activities support for the operation and maintenance of Headquarters Air Force Reserve, Reserve Numbered Air Forces, and Air Reserve Personnel Center.

15.4. Using Other Appropriations:

15.4.1. Sometimes you use active Air Force appropriations to finance the Air Force Reserve. This includes (but is not limited to) using:

15.4.1.1. Air Force procurement appropriations to fund investment type items. (Examples are aircraft spares, vehicular equipment, base support equipment, etc.)

15.4.1.2. Military Personnel, Air Force appropriation (57*3500) to fund pay and allowances of active Air Force personnel assigned to support the Air Force Reserve.

15.4.1.3. Air Force O&M (57*3400) to fund Environmental Restoration Account (ERA) support for Air Force Reserve units.

15.4.2. The Air Force finances without reimbursement O&M costs associated with Air Force centrally controlled education and training courses provided by Air University and Air Education and Training Command. Reimburse organizational equipment issued to individuals or units (for example, field jackets).

15.5. Preparing Budget Estimates and Financial Plans. The Chief of Air Force Reserve will develop, justify, and present annual budget estimates and execution plans for budget program 720 within the Reserve Personnel, Air Force appropriation, and all budget programs within the O&M USAFR, and military construction, USAFR appropriations. The Directorate of Personnel

Programs (AF/A1G) and Surgeon General (HQ USAF/SGHP) will perform these functions for budget program 780 of the Reserve Personnel appropriation.

15.6. Supporting AFRC Conversions. The active Air Force gaining command funds TDY costs for Air Force augmentees who support USAFR conversions.

15.7. Funding Call-up to Active Duty (10 U.S.C. 12302):

15.7.1. **Accession, Separation Travel, and Per Diem.** Charge the cost of officer and enlisted accession and separation travel (residence to and from place of duty) and per diem to the Military Personnel (57*3500) appropriation.

15.7.2. **TDY Travel and Per Diem.** Charge the associated TDY costs to the Operation and Maintenance (57*3400) funds of the gaining command, unit of assignment, or TWCF, if applicable, when a member performs TDY away from the duty station.

15.7.3. **Pay and Allowances.** Charge the Military Personnel (57*3500) appropriation for military pay and allowances for personnel called to active duty.

15.8. Travel and Per Diem. Charge costs of bringing the volunteers on duty and follow-on TDY the volunteer performs away from the duty station to the Operation and Maintenance funds of the gaining command, unit of assignment, or as provided for in **Chapter 10 Section 10B, Temporary Duty Travel.**

15.8.1. **Pay and Allowances.** Finance military pay and allowances for personnel called to active duty from the Military Personnel (57*3500) appropriation.

15.9. Reserve Training on Unit-Equipped AFRC Aircraft. AFRC does not reimburse TWCF for Reserve members performing flying duties associated with Reserve Training on an AFRC-owned aircraft.

Chapter 16

AIR NATIONAL GUARD (ANG) APPROPRIATIONS

16.1. Supporting the ANG. Three major funding sources support the ANG:

16.1.1. Funds appropriated by Congress for the ANG: National Guard Personnel, Air Force (57*3850); Operation and Maintenance, ANG (57*3840); and the Military Construction, ANG (57*3830) appropriations.

16.1.2. Other Air Force appropriations, which support the ANG on either a reimbursable or nonreimbursable basis. If the active Air Force and ANG activities disagree whether Air Force support costs are reimbursable or nonreimbursable, SAF/FMB will make the final decision.

16.1.3. Resources provided by the sovereign states, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the District of Columbia for their respective ANG activities.

16.2. Using National Guard Personnel, Air Force Appropriation (57*3850):

16.2.1. Use 57*3850 to fund pay, allowances, clothing, subsistence, gratuities, and travel. You also use this appropriation for expenses of ANG personnel on duty under 10 U.S.C. 12301(d); for expenses under 32 U.S.C. 708; and for expenses of personnel undergoing active duty training or performing inactive duty training as authorized by law.

16.2.2. The Air Force provides personnel support by assigning active duty personnel to ANG activities. Charge the pay and allowances of these active duty Air Force personnel to the MILPERS, Air Force appropriation (57*3500).

16.2.3. To determine whether to finance ANG training costs from the National Guard Personnel, Air Force (57*3850) or MILPERS, Air Force (57*3500) appropriation, apply these rules:

16.2.3.1. If the purpose of ANG participation is to meet Air National Guard personnel training requirements, charge the costs to the National Guard Personnel, Air Force, appropriation.

16.2.3.2. If the purpose of the participation is to support active Air Force mission requirements, charge the costs to the MILPERS, Air Force appropriation. But, you should charge any per diem entitlements at the principal duty station, (as well as travel costs incurred in the performance of TDY away from the principal duty station) to the O&M, Air Force, funds of the active duty Air Force activity being supported.

16.2.3.3. Deleted. 16.2.3.4. The Air Force finances O&M costs associated with Air Force centrally controlled education and training courses provided by the Air University and the Air Education and Training Command without reimbursement. **EXCEPTION:** Organizational equipment issued to individuals or units (that is, field jackets) will be reimbursed.

16.2.4. Use the 3850 appropriation to pay for personnel and related costs in the following budget programs (BP) and projects:

16.2.4.1. **Unit and Individual Training (Project 52X).** Provides for the pay and allowances, retired pay accrual, clothing, subsistence, travel and related costs for ANG

personnel assigned to Pay Group A, F, or P training status. Travel entitlements in this program include TDY for active duty training of less than 20 weeks and PCS travel for active duty training for a duration of 20 weeks or more.

16.2.4.1.1. **Pay Group A (Project 521).** These personnel are authorized 15 days paid active duty training each fiscal year, 48 paid inactive duty drill periods, and 36/48 additional flying training periods for personnel on flying status, proficiency training and training period preparation assemblies for part-time commanders and first sergeants.

16.2.4.1.2. **Pay Group F (Project 522).** Nonprior service personnel who perform a minimum of 84 days of basic and technical training and/or on-the-job training.

16.2.4.1.3. **Pay Group P (Project 523).** Nonprior service personnel who participate in multiple drill assemblies or weekend training for up to 48 paid drills before entering initial active duty training.

16.2.4.2. **Other Training and Support (Project 54X).** Provides for the pay and allowances, retired pay accrual, clothing, subsistence, travel, and related costs for ANG personnel performing paid active duty other than those covered by the Unit and Individual Training Program. Travel entitlements in this program include TDY for active duty training or full-time training duty of less than 20 weeks and PCS travel for a duration of 20 weeks or more. It also provides for related expenses for personnel of the ANG on duty under 10 U.S.C. 12301(d) and 32 U.S.C. 708.

16.2.4.2.1. **School Training (Project 541).** These personnel include ANG officers and enlisted members performing tours of paid active duty for training as students enrolled in regular, associate, and refresher and technical courses. These courses are offered at service schools, area schools, unit schools, officer training schools, and other installations that provide training that applies to the member's assignments and readiness.

16.2.4.2.2. **Special Training (Project 542).** These personnel include ANG officers and enlisted members who perform tours of paid active duty for training for 139 days or less other than those covered by pay groups A and F, and school training and Active Duty for Operational Support (ADOS) (for example, command requirements for the National Guard Bureau, ANG support of Air Combat Command (ACC) alerts, ANG support of JCS exercises, etc.).

16.2.4.2.3. **Administration and Support (Project 543).** These personnel include ANG officers and enlisted personnel on active duty under 10 U.S.C. 12301(d) and 32 U.S.C. 708. This category also includes pay and allowances and retired pay accruals for ANG personnel for periods of hospitalization or disability related to active or inactive duty training, death gratuities, payment of Reserve incentives to enlisted members, and for the uncollected Serviceman's Group Life Insurance premiums which are payable to the Veterans Administration.

16.2.4.2.4. **Education Benefits (Project 544).** All costs associated with the payment to the DoD Education Benefits Trust Fund for educational assistance of ANG military personnel. Payment is based upon satisfaction of Montgomery Government Issue Bill (MGIB) eligibility requirements by the member. Eligibility

changes periodically with Service needs. The Veterans Administration will make actual payments to individuals from funds transferred from the trust fund.

16.2.5. Use applicable fund citations in active duty or training orders for pay and allowances, travel, and transportation costs. The general rule is that you charge expenses to the fiscal year (FY) appropriation current when the government incurs the expenses. Therefore, if services or travel and transportation cover parts of 2 fiscal years, you charge the total costs in part to both appropriations (see *DFAS-DE Interim Guidance on Accounting for Obligations* for criteria and *DFAS-DE Interim Guidance on Procedures for Travel Accounting Operations* for using dual citations).

16.2.6. The Air Directorate, National Guard Bureau, prepares and submits Budget estimates to the Office of the Secretary of Defense, Office of Management and Budget, and the Congress.

16.3. Using the O&M, ANG Appropriation (57*3840):

16.3.1. This appropriation is structured into two budget activity codes (BAC) as follows:

Table 16.1. Operation and Maintenance, ANG, Budget Activity Codes.

Use This Budget Activity Code	For These Costs
Air Operations 01	Flying hours, depot level aircraft repair and modification, repair of other major end items, sustaining engineering applicable to ANG aircraft and equipment, civilian personnel, travel, transportation, rents, contract services, supplies, and equipment for the operation, maintenance, and support of ANG flying and non-flying units, and those bases for which the ANG has been designated as the host.
Admin and Service-Wide Activities 04	Pay of civilian personnel for Management Headquarters and support of Recruiting and Advertising activities (i.e. TDY, contract services, supplies, etc).

16.3.2. As indicated in [paragraph 16.1](#) and [16.2](#), the O&M, ANG appropriation may be charged directly for support provided, may reimburse another Air Force appropriation for support provided, or the ANG may be provided support from other Air Force appropriations on a nonreimbursable basis.

16.3.2.1. **Chargeable to the O&M, ANG Appropriation.** As a general rule, ANG tenant units fund directly or reimburse the host for costs resulting from their tenancy. These are costs you charge to or reimburse from the O&M, ANG appropriation:

16.3.2.1.1. All depot maintenance operations, including contractual maintenance. (See [paragraph 16.4](#))

16.3.2.1.2. Civil engineering services for facilities, including overhead and similar service charges, provided for the exclusive use of the ANG for year-round training facilities. The cost of maintaining and operating Air Force facilities that the ANG and Air Force units use jointly is reimbursable according to mutual or negotiated intraservice agreements between local commanders.

16.3.2.1.3. Civil engineering services for summer training facilities on Air Force installations made available for summer training, including opening and closing costs. If the facilities used jointly with components of the Air Force, the using ANG agencies are will reimburse for services according to intraservice agreements between local commanders.

16.3.2.1.4. Minor construction under \$750,000 for the exclusive use of the ANG.

16.3.2.1.5. TDY costs of Air Force military personnel on duty with the ANG, if the ANG directs the TDY.

16.3.2.1.6. Except as provided in [16.3.2.2](#), the ANG funds all expense materiel not managed by the Consolidated Sustainment Activity Group - Supply. The ANG also funds all issues of expense materiel (from the Consolidated Sustainment Activity Group – Supply) to the ANG. ANG units are authorized customers of the DWCF; installations will provide them customer status equal to that furnished other Air Force organizations. Determine and administer credits earned according to the current directives governing returns to the DWCF by any authorized Air Force customer.

16.3.2.1.7. Care of the dead (except for those expenses paid by DFAS, citing Air Force O&M funds per AFI 34-242).

16.3.2.1.8. Expenses of utilities for facilities used exclusively by the ANG tenant. For facilities used jointly by ANG and Air Force units, reimburse for identifiable utility services according to intraservice agreements between the local commanders.

16.3.2.1.9. Cost of services or maintenance beyond the Air Force host's in-house capability, where the host has to establish a capability to provide the services or maintenance.

16.3.2.1.10. Major repair projects for jointly used facilities. Charge the cost on a pro rata basis tied to the percentage of occupancy or utilization. **Exception:** where the project results from an operation peculiar to one agency, that agency will bear the full expense of the project.

16.3.2.1.11. Contract maintenance and repair of ground powered vehicles and other equipment possessed by the ANG.

16.3.2.1.12. Expense materiel (exceeding \$250 per intermediate work order) required for specialized maintenance and repair of equipment whether performed in-house or by contract. An example would be equipment (unique to the ANG tenant) being repaired in the host base precision measurement equipment laboratory (PMEL) which requires special parts or expense materiel to accomplish the repair. Determine these special support requirements pertaining to repair and calibration of the tenant's unique equipment (excluding aircraft and missiles) during AFI 25-201 negotiations.

16.3.2.1.13. Expenses of toll calls or other specialized communications required.

16.3.2.1.14. TDY-to-school or courses in an air technician status, provided the school or course is part of the required ANG training program.

16.3.2.2. Not Chargeable to or Reimbursable from the O&M, ANG Appropriation. Provide the following to the ANG without charge:

16.3.2.2.1. Hospitalization in Air Force medical facilities for ANG personnel entitled to hospitalization according to AFI 41-115.

16.3.2.2.2. Aircraft, aircraft engines, and initial base stock level of aircraft spares, spare parts, and supplies related to transferring those aircraft to the ANG inventory, or for other investment property procured with Air Force major procurement appropriations. Items from the Consolidated Sustainment Activity Group – Supply (DWCF) are transferred as an intrastock fund transfer, to the supply account, if capitalized. If not capitalized, reimbursement is required.

16.3.2.2.3. Maintaining and operating facilities at regular Air Force installations, which are used jointly and operated for Air Force flying activities. These facilities include runways, taxiways, aprons, control towers, crash, protective equipment, structural firefighting, and general internal security services if they do not exceed those provided by the host for its own use.

16.3.2.2.4. Weather and flight clearance services or aeronautical charts furnished to transient ANG flight crews when required for continuation of flight.

16.3.2.2.5. Replacement parts issued for transient ANG aircraft from Air Force base stocks, when required for continuation of flight. If less than \$20,000, the servicing base will order the DLR part. AFMC CAM office will pay for parts if the servicing base is AF O&M funded, otherwise the servicing base pays for the DLR. If more than \$20,000, the transient aircraft's home station pays for the part.

16.3.2.2.6. P-(S) AND P-1A modifications of aircraft, components, or equipment, including installation costs.

16.3.2.2.7. Intermediate and organizational maintenance (as defined in AFM 66-1) on transient ANG aircraft. Conversely, if organized to do so, ANG activities perform intermediate and organizational maintenance on transient Air Force aircraft on a nonreimbursable basis.

16.3.2.2.8. Locally procured investment equipment required for the ANG.

16.3.2.2.9. Communications facilities (USAF military flight service network) are made available to transient Air Force flight crews. Long distance telephone calls or telegrams that involve a toll charge are made on a collect basis or paid for by the ANG personnel concerned.

16.3.2.2.10. Billeting and messing facilities are made available to transient ANG flight crews and passengers in the same manner as for other transient military personnel. Such facilities are furnished on a cash sale basis.

16.3.2.2.11. Meteorological equipment (MET) maintenance support furnished to ANG weather flights..

16.3.2.2.12. Support of ANG units performing Air Force missions as governed by [Chapter 7](#).

16.4. Basis for Reimbursing for Depot Maintenance. This paragraph explains how the ANG reimburses the Air Force for depot maintenance support.

16.4.1. The ANG O&M appropriation reimburses the CSAG-Mx Division of the Defense Working Capital Fund (DWCF) for depot-level support in these areas:

16.4.1.1. Aircraft maintenance.

16.4.1.2. Engine overhaul.

16.4.1.3. Other major end items repair.

16.4.1.4. Area support.

16.4.1.5. Service engineering.

16.4.2. Accomplish reimbursement for the items shown above as follows:

16.4.2.1. Aircraft maintenance, other major end item repair (except generators), and area support are funded by direct cite. Therefore, the ANG issues funds by RC/CC, PEC, EEIC, and program control number (PCN) to the Air National Guard Readiness Center (ANGRC), ADSN 415300, Stop 18, Andrews AFB DC 20331-6008. ANGRC, in turn, issues AF Forms 185, **Project Order**, to the Air Logistic Complexs (ALC), who then signs and return them to ANGRC. These signed project orders obligate the ANG funds. The ANGRC then disburses the direct cite funds upon receipt of the SF 1080 billings, providing sufficient funds have been obligated by RC/CC or PCN. For backup information, when work is ordered through the ALC, ANG funds are reflected by the Air Force Materiel Command (AFMC) on AFMC Form 181, **Project Orders**, and on AFMC Form 194, **Annual Customer Orders**. The ALC will forward information copies of these forms (annotated by PCN) to ANGRC as evidence of actions taken toward accomplishing the work orders.

16.4.2.2. The ANG reimburses the DWCF for engine overhaul, generators, exchangeable repairs, and service engineering. Therefore, the ANG issues funds directly to the ALC using an ANG assigned OAC/OBAN. Specific instructions for each area follow:

16.4.2.2.1. Engine Overhaul. On a monthly basis, OC-ALC/ACFSA furnishes engine managers at Oklahoma City ALC (OC-ALC) the reimbursable customer engine input report that provides quantities, by type/model/series, of the engines scheduled into work, by customer. OC-ALC/ACFSA will charge monthly for the standard reimbursable unit cost for each engine input against funding received from the ANG. This standard cost is composed of the current DWCF engine unit sales price plus the repair cost of its related exchange material.

16.4.2.2.2. Generators. The annual requirement, as estimated by AFMC, is made available at the beginning of the fiscal year. Accept bills as the work is performed.

16.4.2.2.3. Sustaining Engineering. The ANG budgets for its pro rata share of the total sustaining engineering cost based on data provided by AFMC. HQ AFMC identifies to the ALCs reimbursable line items and planning costs for the ANG, at the

beginning of the FY, based on the estimated annual requirement. The ANG issues funding directly for all Sustaining Engineering costs.

16.4.2.2.4. The Air Directorate, National Guard Bureau, prepares, submits and justifies budget estimates to the Office of the Secretary of Defense and Office of Management and Budget.

16.5. Supporting ANG Conversions. The active Air Force gaining command will fund TDY costs for Air Force augmentees who support ANG conversions.

Chapter 17

SECURITY ASSISTANCE PROGRAM

17.1. The Security Assistance (SA) program is composed of six major components: Foreign Military Sales (FMS), Foreign Military Financing (FMF), Direct Commercial Sales (DCS), International Military Education and Training (IMET), Economic Support Fund (ESF), and Peacekeeping Operations (PKO). Other related SA programs are leases to friendly governments, selling defense articles declared to be excess to foreign nations, emergency drawdowns, and third-country transfers. For additional information, see DoD FMR 7000.14-R, Volume 15, *Security Assistance Policy and Procedures*.

17.1.1. FMS is a non-appropriated program through which eligible foreign governments purchase defense articles, services, and training from the U.S. Government. FMS are made under the authority of the Arms Export Control Act of 1976, as amended.

17.1.2. FMF consists of congressionally appropriated grants and loans, which enable foreign governments to purchase U.S. defense articles, services, and training through either FMS or DCS. FMS are made under the authority of the Arms Export control Act of 1976, as amended.

17.1.3. DCS are sales made by U.S. industry directly to a foreign buyer. DCS are licensed by the Department of State. The Department of Defense does not administer the DCS program.

17.1.4. IMET provides training of selected foreign military and related civilian personnel in the U.S. and, in some cases, in overseas U.S. military facilities. The training is accomplished on a grant basis. The Foreign Assistance Act of 1961, as amended, authorizes IMET.

17.1.5. ESF promotes economic and political stability in foreign areas where the U.S. has political and security interests. The Department of Defense does not administer the ESF program.

17.1.6. PKO provides funds for Multinational Forces and Observers. The Department of Defense does not administer the PKO program.

17.2. FMS Trust Fund and Antideficiency Act. The Secretary of the Air Force General Counsel (SAF/GC) has determined that FMS trust funds are appropriated, at least as far as the application of the Antideficiency Act is concerned. The determination stated that ". . . . appropriated funds are not limited to those appropriated by Congress to federal agencies from the general fund of the Treasury. Rather, funds available to agencies are considered appropriated, if made available for collection and expenditure pursuant to specific statutory authority. Transactions which involve FMS trust funds can constitute violations of the Antideficiency Act." Issues involving FMS monies need to be carefully evaluated on a case-by-case basis, taking into account all relevant aspects of each case for application of the Antideficiency Act. DoDFMR 7000.14-R, Vol 15, Ch 3 031101 states "appropriated funds are not limited to those funds specifically appropriated by the Congress to federal agencies from the general fund of the U.S. Treasury. Funds available to agencies are considered appropriated, regardless of their source, if made available for collection and expenditure pursuant to specific statutory authority. In applying the Anti-Deficiency Act, the FMS Trust Fund is considered to be, and is to be treated as, appropriated funds."

Chapter 18

DEFENSE WORKING CAPITAL FUND (DWCF)

Section 18A—General Guidance

18.1. Defense Working Capital Funds (DWCF) Overview:

18.1.1. Purpose of DWCF:

18.1.1.1. DoD expanded the use of businesslike financial management practices through the creation of the Defense Business Operations Fund (DBOF) on 1 October 1991 (FY 92). Defense Management Report Decision (DMRD) 971, DoD Financial Systems, established the DBOF and provided the foundation for operational policies and procedures. The Defense Working Capital Funds (DWCF) were established in 1996 and built on the DBOF foundation. DWCF operates with financial principles that provide improved cost visibility and accountability to enhance business management and improve the decision making process. The DWCF builds on revolving fund principles previously used for industrial and commercial-type activities. Successful implementation of the DWCF is essential to achievement of the following DMR initiatives: 1) consolidating like functions, 2) increasing cost visibility, and 3) realizing significant monetary savings through better business practices.

18.1.1.2. The establishment of the DWCF does not change previous organizational reporting structures or command authority relationships. Combining business activities under a single Treasury Code (97*4930) allows consolidation of cash management, while functional and cost management responsibilities remain with the Military Departments and Defense Agencies.

18.1.1.3. The primary purpose of the DWCF is to provide a business management structure that encourages managers and employees of DoD support organizations to provide quality products and services at the lowest cost. A major feature of this business management structure is increased emphasis on business operations. This business operations structure identifies each business area, the products or services, and the total cost of operations within that business area.

18.1.1.4. Under this structure, customers establish requirements and are charged, through the rate structure, for the cost of industrial and commercial-type services and products provided. Providers, in turn, produce quality goods and services which satisfy customer requirements at the lowest cost. Support organizations incur costs based on customer orders. This linkage of support costs to customer funding ensures better communication between the customer and the provider. By making the producing organization responsible for all costs associated with delivering the good or service, those managers will identify cost drivers and can focus their management improvement efforts accordingly. Better cost visibility enables managers at all levels to make informed decisions.

18.1.2. Additional guidance on DWCF and the former AF Stock/Industrial Funds is in:

18.1.2.1. DFAS DE Field Site and Departmental Accounting Critical Processes, Flowcharts, Internal Management Controls, Responsibilities and Procedures at: <https://dfas4dod.dfas.mil/library/opr>.

18.1.2.2. DoD FMR 7000.14-R, Volume 2A, Chapter 1, and Volume 2B, Chapter 9.

18.1.2.3. DoDI 4000.19.

18.1.3. Concept of Operations. The DWCF is an expansion of the existing commercial or business operations that were previously managed as a revolving fund. The expansion included some activities which were not previously financed on a revolving fund basis by making them separate business areas. These areas are accounting and finance services, industrial plant equipment maintenance and repair, printing services, reutilization and marketing services and technical information services. The DWCF eliminates direct appropriations for many elements of cost in existing funds. Sales to customers must reflect total costs not just direct costs. Replacement of DBOF with DWCF returned cash management responsibilities to the Components. Although the Military Departments retain control of their respective business areas, the Service's focus is supposed to be on cost management. A DWCF Financial Policies Board, chaired by USD(C), has been created, with representation from defense agency comptrollers and Service Assistant Secretaries for Financial Management. The policy board reviews new procedures to improve operating control and identifies new areas for eventual inclusion in the DWCF.

18.1.4. New Business Areas. Criteria for inclusion of a business area in the DWCF are: outputs of the business have been identified; costs of the business area can be related to the outputs; and the customers of the business area have been identified. Secretaries of the Military Departments may submit applications and supporting justification to authorize new DWCF activities or to rescind the authorization of existing DWCF activities. The DoD Comptroller authorizes or approves specific DWCF business areas and/or activities and the terms under which such business areas and/or activities shall be operated

18.1.5. DWCF Budgeting.

18.1.5.1. Operating Budget. The operating budget contains the annual operating costs of an activity or Component, including depreciation or amortization expenses. To minimize costs within activity groups, all goods and services should be purchased, whenever possible, from the source that provides them at least cost, unless there are some other considerations such as mobilization or readiness that prohibit this flexibility. Direct, indirect and overhead costs are to be included in the evaluation when comparing costs of organic or commercial sources.

18.1.5.2. Capital Budget. A Capital Budget is that portion of the DWCF Budget that supports and justifies the purchase of capital assets. Starting in April 2007, the Capital Budget includes all items purchased by a revolving fund with a unit cost that equals or exceeds the expense/investment threshold established by the Congress, \$250,000, and has a useful life of more than two years. Public Law 111-383, Section 1403 modified certain working capital fund requirements by amending Title 10 U.S.C Section 2208 (refer to paragraph 18.6.2.1 of this AFI), including increasing the threshold for unspecified minor military construction under Title 10 U.S.C Section 2805 (c)(1) from \$100,000 to

\$250,000. The Capital budget shall not be used to establish a new or to expand organic capability except as specifically approved in a capital budget.

Section 18B—Financial Administration of the DWCF

18.2. Issuing and Complying with Budget Authority Documents.

18.2.1. Unit Cost Goals:

18.2.1.1. The Office of Undersecretary of Defense, Comptroller (OUSD(C)) uses Unit Cost Resourcing (UCR) for DWCF financial management, including cost measurement, cost control, and funding allocation. OUSD(C), Air Force and AFMC issue Annual Operating Budget (AOB) Documents in the form of unit cost goals, based on approved operating and capital budgets.

18.2.1.2. Some DWCF business areas, such as supply operations, are authorized to incur costs while anticipating customer orders.

18.2.1.3. For other DWCF business areas, such as depot maintenance, costs are authorized only after receiving a customer order. The AOB document provides the overall cost goal. The total costs you can incur depend on the cost goals applied to the actual customer-funded workload.

18.2.1.4. The Air Force and commands may issue activity goals that vary from the total goal for an Activity Group. But, the Air Force may not exceed the sum of its activity goals (total cost authority). Cost authority, or the amount "earned", equals the actual workload times the individual cost goals for each Activity Group. Individual activities and Activity Groups can continue to incur costs as long as the total costs for all Air Force Activity Groups do not exceed the total cost authority for that Component as of fiscal year end.

18.2.2. Fiscal Control. Do not exceed the Total Capital Cost limitation in your Cost Authority Document, based on Section 1517 of Title 31, United States Code (*Antideficiency Act*). The "Limitations and Guidance" section of your Cost Authority Document identifies special limitations, goals and other guidance for each Activity Group.

18.2.3. Reprogramming:

18.2.3.1. **Operating Budget.** The Air Force may reprogram within business areas as long as it does not exceed its overall unit cost goal.

18.2.3.2. Capital Budget:

18.2.3.2.1. The total annual capital budget approved for each Component by the Congress during review of the Fund may only be exceeded to the extent that projects which were included in the operating budget based on approved expense/investment criteria must be executed as capital budget items due to revised cost estimates. Transfer of projects from the operating budget reduces the amount earned in the operating budget. Prior approval from OUSD(C) Director of Revolving Funds and Office of Management and Budget is required for transfers from Operating Budget to Capital Budget. Exceeding the capital budget (the total includes amounts

reprogrammed) is an Antideficiency Act violation. (DoD FMR 7000.14-R Volume 2B, Chapter 9, Paragraph 090103.C.7)

18.2.3.2.2. The Air Force may reprogram capital funds between business areas, but the maximum annual increase in any one Activity Group cannot exceed \$10 million for each type of capital approved in the President's Budget. Except as noted below in paragraphs 18.2.3.2.3.2, 18.2.3.2.3.3 and 18.2.3.2.3.4, capital reprogramming requires the written approval of the OUSD(C) Director of Revolving Funds. The types of capital consist of ADP equipment and telecommunications, non-ADP equipment and telecommunications, minor construction, and software development. Reprogramming into an Activity Group's capital budget from the operating budget does not count against the \$10 million threshold.

18.2.3.2.3. Only those capital asset projects that have been included in the Air Force President's Budget may be financed through the Capital Purchase Program (CPP). However, in the year of execution, project substitutions may be made when contracts on approved projects are delayed or when operational necessity warrants. The following approval levels and dollar threshold apply to changes to projects approved in the capital budget section of the AOB, including re-programming, substitutions, cancellations and additions:

18.2.3.2.3.1. All current year adjustments or changes to information technology capital projects that are greater than \$999,999 must be endorsed by the Defense Business Systems Management Committee (DBSMC) and approved by the Director of Revolving Funds. Requests for changes must be submitted to SAF/FMBMR who will determine whether to request approval from the OSD Director of Revolving Fund. Do not submit changes or adjustments for these projects without certification from the approval authority as directed in the guidance and instructions displayed in the "system compliance" section of the DBSMC website, http://www.defenselink.mil/dbt/tools_certification.html.

18.2.3.2.3.2. For each Business Activity Group, all current year adjustment or changes to capital projects that are equal to, or greater than by a cumulative amount of \$3,000,000 during a fiscal year (FY) requires approval from the Office of the Secretary of Defense (OSD), Director for Revolving Funds.

18.2.3.2.3.3. For each Business Activity Group, all current year adjustment or changes between categories of capital projects (i.e., minor construction, equipment, ADP equipment and telecommunications, non-ADP equipment and software development) or activity groups that increase a category by a cumulative amount equal to, or greater than \$3,000,000, within a program year, requires approval from the OSD Director of Revolving Funds. If either of these thresholds is breached, the OSD Director of Revolving Funds must approve project substitutions prior to their initiation. Subdividing of projects is not allowed.

18.2.3.2.3.4. SAF/FMBMR may approve transfers between categories or among their activity groups if the change is less than \$3,000,000. However, Activity Groups are required to receive SAF/FMBMR approval for transfers between categories or among activity groups if the change is equal to, or greater than \$2,000,000. Additionally, Activity Groups are required to notify SAF/FMBMR

of changes less than \$2,000,000. This action is required so that SAF/FMBMR complies with the requirement to notify the OUSD(C) Director for Revolving Funds so that these changes may be documented in the activity group's Annual Operating Budget document.

18.2.3.2.3.5. Capital obligation adjustments must be charged to the program year cited in the President's Budget for the original project. The prior year capital investment program limitation is equal to actual obligations at September 30 of that fiscal year plus adjustments approved by the Director for Revolving Funds to the prior year program. Prior to the end of the fiscal year, fund managers may request approval to carryover authority for any unobligated capital projects.

18.2.3.2.3.6. Capital obligation authority can be adjusted automatically for prior year within-scope increases of less than \$100,000 provided the unobligated balance in the prior fiscal year capital program is sufficient to finance the increase. Prior year within-scope increases greater than \$100,000 must be approved by the OSD(C) Directorate for Revolving Funds. The request should propose, when possible, equal offsetting reductions to the current year capital authority to finance the prior year increase.

18.2.3.3. **Revisions.** You may revise annual budgets whenever circumstances permit and your command approves.

18.3. Recovering Full Costs and Setting Prices:

18.3.1. All Activity Groups in the Fund must set prices to recover full costs, including all direct costs, indirect costs, general and administrative support provided by others, depreciation expenses, and amortization. Include all costs in the Activity Group's operating budget. The budget process will fix prices for the year of execution. All levels of command will:

18.3.1.1. Evaluate actual costs against revenue generated by workload at established prices.

18.3.1.2. Determine profits or losses at the end of the year and use them to evaluate operating (financial execution) efficiency.

18.3.1.3. Some DWCF areas may still have some Imputed (Unfunded) costs, e.g. kits to the Consolidated Sustainment Activity Group – Maintenance (CSAG-M). Imputed costs will be tracked, but not in the AF rates. FMS customers will be billed the imputed costs per the DoD FMR 7000.14-R, Volume 15. Other non-AF customers will be billed per the DoD FMR 7000.14-R, Volume 11A.

18.3.2. Activity Groups will set prices for the budget year(s) to recover costs over the long run. This means you set prices to achieve an Accumulated Operating Result (AOR) in the budget year of zero. While carrying out the budget, you will have either a positive or negative Net Operating Result (NOR). So, you set prices in the budget year either to make up actual or projected losses, or to give back actual or projected gains in the budget year, based on such factors as cash position, projected savings initiatives, or other known impact. Activity Group prices must match the rate changes approved by OUSD(C) during the budget review.

18.4. Setting Rates:

18.4.1. During budgeting, OUSD(C) reviews and approves stable rates to fully recover costs in all business areas during that fiscal year. (**NOTE:** The **stabilized** rate is the cost per direct labor hour (or other output measure) that the depot or business area charges customers for its products and services. The stabilized rate is determined by taking the approved Direct Labor Hour rate (or other cost per output measure) for the budget year and adjusting it for both intra- and inter-Fund transactions to reflect changes in the cost of purchases between Activity Groups within the Fund, for prior-year gains or losses shown by the AOR and for other approved funding objectives, such as a cash or a capital surcharge.) To set rates, the Fund places business areas into two groups:

18.4.1.1. **Supply Management.** Use commodity costs with a surcharge to establish customer rates. (See DoD FMR 7000.14-R, Volume 2, Chapter 9.)

18.4.1.2. **Non-Supply Management.** Use unit cost rates based on identified output measures which establish fully cost-burdened rates per output, such as a cost per direct labor hour, cost per product, cost per item received, or cost per item shipped, etc. These Activity Groups establish their output rates and the stabilized customer rates in generally the same way.

18.4.2. Charge the annual stabilized rate for all new Consolidated Sustainment Activity Group – Maintenance (CSAG-M) customer orders received and accepted during that specific fiscal year, regardless of the fiscal year you actually do and bill the work. CSAG-Mx establishes fixed prices (stabilized rate times **standard hours**) for planned work. **Unprogrammed work** is priced at stabilized rates times **actual direct hours**.

18.4.3. When submitting your budget estimate, develop customer rates to recoup all costs for your operating and capital budgets, including all labor and non-labor, direct, indirect, and general and administrative overhead costs. After determining required costs and proposed rate structures to recover them, the Air Force will adjust budgets for appropriated customer accounts so that customer and DWCF business budgets are in balance.

18.4.4. The Air Force must propose cost, program levels, and rate changes by Activity Groups in the budget estimate submission to the Office of the Under Secretary of Defense (OUSD). (Note: the annual published **rate change** for Activity Groups is the percentage change in the stabilized rate or price between fiscal years. For example, for organic Depot Maintenance you determine the Budget Year rate by dividing the approved Direct Labor Hour rate proposed for the Budget Year by the stabilized Direct Labor Hour rate effective for the previous year. That value, expressed as a percentage (plus or minus from a base of one), is the composite price-change rate customers will use in their appropriated fund submissions.)

18.4.4.1. AFMC should establish rates and prices for Business Area budgets:

18.4.4.1.1. Carefully review all projected operational costs for the fiscal year, and propose the least expensive operations possible.

18.4.4.1.2. Project customer requirements including anticipated workloads programmed for the budget year, based on identified outputs such as direct labor

hours by project, tons shipped, line items received, and all other approved output measures for each business area.

18.4.4.1.3. In developing proposed rates, conform to OSD and OMB guidance on the impact of inflation, projected pay changes, and other programmatic and policy changes.

18.4.4.2. OUSD(C) will establish final approved costs, program levels, and rate changes for each Activity Group by Resource Management Decision (RMD) documents. First, they will reconcile customer account program levels with anticipated Fund costs, inter-Fund sales, and transactions. Then, they will adjust for NOR to bring Accumulated Operating Results to zero for the Budget Year.

18.5. Applying Depreciation:

18.5.1. Under the total-cost concept, DWCF activities must track capital investment purchases, depreciate them, and pass the charges on to their customers as part of the price of goods and services sold. This is done by including the depreciation cost in the sales rate and then being recovered like all other costs. Here, a capital investment means anything costing in excess of \$100,000 that has an expected life of more than two years. Exclude aircraft and missile procurement accounts (3010 and 3020) and major construction (3300). (Depreciation measures how much of a given resource is consumed in a single year and is part of the total cost of producing an output. Depreciation shows that capital assets are useful after the first year and often after they are fully depreciated as well.)

18.5.2. Include assets acquired through the Capital Purchases Program, Asset Capitalization Program (ACP), and donated assets, such as those provided as support equipment in conjunction with weapon system acquisition or modifications in your depreciation costs.

18.5.3. Apply straight-line depreciation based on capitalized amount less residual value, including installation and related costs. WCF will use the depreciation schedule in the DoD FMR 7000.14-R, Volume 4, Chapter 6. Use this schedule for:

18.5.3.1. Facilities Construction Projects (including minor construction) – 20 years

18.5.3.2. Equipment , other than ADPE – 10 years

18.5.3.3. ADPE, Telecommunications and Software – < 5, 5, or 10 years - depending on the actual estimated useful life as used in the acquisition justification.

18.6. Including Costs in the DWCF. Reflect the total cost of production in pricing goods and services. Total Cost of Production includes all direct costs, overhead costs, and general & administrative (G&A) costs, and depreciation expenses and amortization (i.e. absorption accounting). In addition, apply this special guidance.

18.6.1. Capability Based Budgeting. Capability Based Budgeting is a means to set requirements that need to be met rather than precisely specifying the means to meet the requirements. It allows for a degree of uncertainty that is to be resolved later in the design process. It is particularly pertinent to information technology equipment and software. Current information technology control processes involve defining the architecture of the required function or product, with defined requirements, but without overly specific detail of how the function or process will be done. Budgeting for capabilities differs from the standard specific budgeting historically performed by the Department. DoD FMR 7000.14-

RVolume 2B, Chapter 9 authorizes the use of Capability Based Budgeting in Defense Working Capital Fund Capital programs. The application of Capability Based Budgeting must receive prior approval from SAF/FMBMR.

18.6.2. Capital Budget:

18.6.2.1. You must separately identify budgetary resources for capital investments in an approved capital budget and amortize or depreciate their costs over a predetermined period. Capital investments include all items purchased by a revolving fund with a unit cost that equals or exceeds the expense/investment threshold established by Congress and has a useful life of more than two years, per DoD FMR 7000.14-R, Volume 2B, Chapter 9. Categories include: Automated Data Processing Equipment (ADPE), Non-ADPE Equipment, Automated Data Processing Software, and Minor Construction. You must fully reflect depreciation of capital equipment in the operating costs and rates of Fund businesses. Public Law 111-383, Section 1403 modified certain working capital fund requirements by amending Title 10 U.S.C Section 2208, including increasing the threshold for unspecified minor military construction under Title 10 U.S.C Section 2805 (c)(1) from \$100,000 to \$250,000. Title 10 U.S.C Section 2208 (k)(2) addresses the following capital assets (A) unspecified minor military construction project under Title 10 U.S.C Section 2805 (c)(1), (B) automatic data processing equipment or software, (C) any other equipment, and (D) any other capital improvement.

18.6.2.2. Depreciate software development and modernization costs incurred by Fund activities for projects installed and operational after October 1 of a specific fiscal year. Start depreciation in the month the project is installed and operational (even though it may not be used in operations that month). Depreciate incremental deliveries of these projects if the cost of the delivery exceeds \$100,000. Usually, a central design activity (CDA) improves software based on a reimbursable order from the individual activity, functional Activity Group, or corporate level. Whether accomplished by an in-house or contractor CDA, you must fully fund the order placed with the design activity; i.e., the order must reflect the total cost of the improvement included in the funded order, rather than incremental funding over a number of years. Apply the full funding rule to any orders to or from a DWCF activity.

18.6.2.3. Improvements to Real Property which are greater than or equal to \$20,000 will be capitalized. Improvements to Real Property are funded by either the operating budget or capital budget depending upon the classification of work and amount. Efforts classified as construction projects and costing from \$20,000 but less than \$250,000 will be funded with operating funds; and \$750,000 and above will be funded with MILCON. Depreciate them according to [paragraph 18.5](#)

18.6.2.4. See [paragraph 18.7](#) for appropriation-funded capital assets.

18.6.2.5. Do not use the capital budget to establish a new (or to expand) organic capability except as approved in a capital budget. NOTE: If the new or expanded organic capability is due to a new or expanded weapon system/capability, refer to [paragraph 18.7.9](#)

18.6.2.6. DWCF activities must derive resources needed for new capital assets mainly from depreciating DWCF assets. With OUSD(C) approval, and when necessary to fund

the approved capital investment, you may include a capital-purchase surcharge to pay for whatever depreciation does not cover.

18.6.3. Civilian Labor. Include compensation and benefits for civilians assigned to a DWCF activity. Also include payments to the Department of Labor for injuries and damages to DWCF employees.

18.6.4. Incentive Program for Voluntary Separation of Civilians. Finance and include in stabilized rates the cost of incentives for assigned civilian employees to separate unless you must offer them because of directed base realignment and closure. If the offering results from a base realignment and closure, pay the civilian separation incentive from the appropriate Base Realignment and Closure Account.

18.6.5. Costs for Military Personnel:

18.6.5.1. You must reimburse Military Personnel's centrally managed account (CMA) for military people assigned to DWCF. Use the civilian equivalency rates provided by OUSD Comptroller. *NOTE:* This is not applicable to the Transportation Working Capital Fund (TWCF).

18.6.6. Temporary Duty (TDY) and Permanent Change of Station (PCS) Travel and Transportation. Finance the cost of civilian and military TDY for people assigned to the DWCF. The gaining DWCF business area pays for PCS transportation civilian employees, their dependents, and household goods. Pay PCS costs resulting from a directed base realignment and closure action from the appropriate Base Realignment and Closure (BRAC) Account.

18.6.7. Transportation. Finance transportation costs (FDT and SDT) for DWCF property in the DWCF. Follow [Table 18.1](#) through [Table 18.3](#)

18.6.8. Materiel and Supplies. Include the cost of expense materiel consumed in the performance of the DWCF activity's mission (both in-house and government furnished materiel (GFM) to contractors). Charge the DWCF operating account for expense materiel (non-procurement funded materiel). This includes inventory adjustments, price revisions, and noncreditable returns.

18.6.9. Tools and Equipment. For organic depot maintenance, you will charge and expense the costs of tools and equipment having a unit value less than \$250,000, regardless of life expectancy, to the applicable DWCF accounting classification. When the unit cost of tools and equipment is \$250,000 or more and their useful life is more than 2 years, the DWCF will pay for, capitalize, and depreciate the item.

18.6.10. Contractual Services:

18.6.10.1. **In-House.** Include the cost of work done under contract to accomplish mission projects, and other services procured on a reimbursable basis from other government activities. Include G&A costs, equipment rental, communications, utilities, training, printing and reproduction, custodial services, and other contractual service the DWCF activity requires.

18.6.10.2. **Contracts or Services From Other Government Agencies.** This includes work agreed to by an authorized official of a private firm or another government agency that can do the DWCF work. Use the appropriate government contracting process.

18.6.10.3. **Contractual Service Requirements.** When CSAG-Mx facilities cannot accept a job, a commercial contract may be utilized for that job and its related services. However, the cost of these jobs may not be charged against the CSAG-Mx. Rather customer funds will be directly cited on commercial contract documents.

18.6.10.4. **Type 1 Factory Training.** DoD activities will budget and fund for initial factory training course costs (excluding TDY) from the investment account (appropriated fund or DWCF capital budget) that finances the related equipment or system. Continue to fund TDY costs for personnel attending this training with the O&M appropriation of the command to which the personnel are assigned. See [Chapter 10 Section 10L](#) for funding associated with Factory Training costs.

18.6.11. Management Headquarters accounts include: major command, subordinate commands, major claimants (for the Navy), and Defense Agency Headquarters (DoD FMR 7000.14-R, Volume 2B, Chapter 9, Paragraph 090102N).

18.6.12. **Base Support.** Support costs, which are measurable and directly attributable to support provided to a DWCF entity, must be reimbursed to the host base. Other support costs not in the foregoing category (“measurable and directly attributable”) may be waived if the support provided does not appreciably increase the host installation’s cost (DoDI 4000.19, Paragraph 4.6).

18.7. Excluding Costs from the DWCF:

18.7.1. **Mobilization and Surge Costs.** You must use direct appropriations to reimburse all DWCF costs related to maintaining a capacity to meet mobilization requirements. Do not finance these costs through customer rates. Prices of DWCF outputs should reflect peacetime operating costs only. Although you finance these mobilization costs as non-fund direct appropriations, they are elements of business area costs and you must fully justify them in DWCF budget estimates.

18.7.2. **Removal and Salvage of Plant and Equipment.** Do not use DWCF to pay for plant closing, layaway and preservation, redistribution of residual inventories (packing, crating, handling, and transportation), and operation and maintenance expenses of facilities and equipment in standby or pending disposition.

18.7.3. **Maintenance of Totally Idle Plant, Equipment, and Real Property.** Do not pay for these costs from the DWCF. If DWCF operations use these items intermittently, maintenance is a proper DWCF expense.

18.7.4. **Operating and Maintaining Activities Located in the DWCF Activity but Not Helping to Produce or Sell Goods and Services.** Do not use DWCF.

18.7.5. **Base Realignment and Closure (BRAC) Costs.** Use the appropriate BRAC account to pay for costs of implementing BRAC Commission recommendations. Do not include in DWCF rates and costs. Base Realignment and Closure Program expenses may be incurred prior to receiving an allocation of BRAC funding. However, all costs properly charged against the BRAC account must be reimbursed with BRAC funds. DWCF funds may not be expended prior to complying with the notification requirements imposed by law with respect to the obligation of BRAC funds. All costs incurred by DWCF activities to carry out BRAC must be reimbursed from the BRAC account prior to the end of the fiscal

year in which costs were incurred. (Reference DoD FMR 7000.14-R, Volume 2B, Chapter 9, Paragraph 090103.H.1).

18.7.6. Claims for Damage to or Loss of Real or Personal Property Caused by Base or Contractor Personnel. Do not use DWCF for these costs.

18.7.7. Any Major Catastrophe or Act of God. Do not use DWCF when the cost of repair or damage to DWCF assets is in excess of \$750,000. Repairs in excess of \$750,000 are funded with appropriated funds. Each repair project should reflect the restoration of a complete capability, i.e. repair of a hangar must include roofing, duct work, air conditioning repair, etc. These individual repairs shall not be separately evaluated against the \$750,000 threshold.

18.7.8. War Reserve Materiel. DoD activities procure and maintain war reserves to meet wartime requirements as determined by the Defense Planning Guidance. Finance the initial procurement of war reserve material from a direct appropriation to the Fund, not through customer rates. However, because supply management businesses manage WRM, you must describe and justify war reserve requirements in DWCF budget estimates.

18.7.9. Capital Assets Financed by Appropriations. Finance the following directly from appropriated funds rather than from DWCF resources.

18.7.9.1. Fund military construction projects of \$750,000 and over from the Military Construction appropriation.

18.7.9.2. **Exclude** equipment in the following categories from the DWCF:

18.7.9.2.1. Aircraft, ships, barges, and general-purpose passenger-type vehicles. Consolidated Sustainment Activity Group – Maintenance (CSAG-M) purchases other support equipment.

18.7.9.2.2. Equipment and minor construction projects purchased to meet mobilization requirements but not used during peacetime operations.

18.7.9.2.3. Equipment normally provided as government-furnished equipment.

18.7.9.2.4. Initial Lay-In of Depot Maintenance Capital Equipment. Continue to use the appropriate procurement Budget Program to finance the purchase and installation costs for initial procurement of depot maintenance capital equipment required to support newly introduced platforms or weapon systems, or modification programs. The Consolidated Sustainment Activity Group – Maintenance Division (CSAG-Mx) cannot satisfy new depot support requirements with existing equipment. The procurement Budget Program will provide equipment for a capability which the WCF cannot support. For example, a depot may have paint booths, but if there is not enough excess capacity in the existing paint booths, then the procurement Budget Program will furnish the needed paint booths. The platform or weapon system program manager must ensure that the equipment and installation are programmed and budgeted in the proper appropriation for coordinating equipment requirements, specification, and delivery with the depot. Once transferred to or capitalized by the depot, the capital equipment becomes the depot's property. The depot will treat the equipment as a capital asset, depreciate the equipment, and fund subsequent replacement and maintenance of the equipment in its capital and operating budgets.

18.7.9.2.5. Items that meet the DoD capitalization criteria for use by major ranges and test facility bases operating under the Defense Working Capital Fund

18.7.9.2.6. Others as described in DoD FMR 7000.14-R Volume 2B, Chapter 9, Paragraph 090103.C.5.

18.7.9.3. Exception to the self-insurance rule. Normally, when an asset is damaged, the owner of the asset will pay for the repairs or replacement of the damaged asset. However, when an asset is in Consolidated Sustainment Activity Group – Maintenance (CSAG-Mx) for repairs, CSAG-Mx is responsible for the asset and will repair the asset unless [paragraph 18.7.7](#) applies.

18.7.10. **Military Costs.** Reimbursement from DWCF to APF is not required for military labor, which is not assigned to a DWCF billet, performing work for a DWCF activity, i.e., military civil engineering craftsmen accomplishing work on a DWCF assigned facility.

18.8. Recognizing Revenue. To ensure consistency of "revenue recognition" in the Consolidated Sustainment Activity Group – Maintenance (CSAG-M) for DoD end-products and to guarantee that business areas' operating results are comparable:

18.8.1. Use the percentage-of-completion method (cost to cost method) to recognize revenue.

18.8.2. In all instances, you must transfer the portion of work in process associated with the revenue recognition to cost of goods sold. Bill the customer funding the order for the revenue recognized; or, when you have previously billed progress payments, record those payments to the appropriate revenue account.

18.8.3. Bill customers and recognize revenue monthly.

18.8.4. Do not allow the total amount of revenue recognized and billed to exceed the order amount.

18.9. Paying for Military Personnel. Use a consolidated DWCF payment to pay costs incurred in common by multiple business areas or activities. An example is reimbursing the Military Personnel appropriation for the cost of military people assigned to DWCF activities. Accumulate and pay these costs at the corporate level but make sure each activity records them. They are as much a cost of doing business as any local obligation. **NOTE:** Military personnel pricing decision is that MILPERS costs will be priced at the civilian equivalent rates for the numbers of budgeted military workyears. The amount included in the budget for DWCF activities will be the amount of expenses in execution and the amount reimbursed to the military personnel appropriation. This is not applicable to the Transportation Working Capital Fund (TWCF).

18.10. Acquiring Capital Assets:

18.10.1. Review each proposed acquisition of a capital asset to make sure it:

18.10.1.1. Makes economic sense to buy rather than lease. Although leasing is not part of the Capital Purchases Program, it may be appropriate for fast-changing technology or when workloads are expected to cease before the end of the program or payback period. You may also use leasing to improve productivity near-term until you can develop enough data to verify the benefits of procurement.

18.10.1.2. Meets the Department's long-range planning and programming objectives and satisfies a documented need for capability to perform valid operations, function, or services that existing equipment and facilities or a contract can not do as well or as cheaply.

18.10.1.3. Complies with policies governing acquiring and managing facilities, special tooling, and special test equipment (DoDD 4275.5), as well as other policies on leasing and acquiring equipment and facilities.

18.10.2. When you use workload projections to justify capital purchases, you must consider:

18.10.2.1. Results of interservice decisions

18.10.2.2. Workload posture planning decisions

18.10.2.3. Readily available commercial alternatives

18.10.2.4. Other reasonable options available for accomplishing applicable work load.

18.10.3. The capital assets you recommend for acquisition must be the best alternative available to accomplish the objective for which you justify them. The criteria are:

18.10.3.1. Improved efficiency (savings) or effectiveness.

18.10.3.2. Required new capability and capacity that current equipment and facilities can not meet.

18.10.3.3. Replacement of unsafe (locally determined), beyond economical repair, or inoperative unusable assets.

18.10.3.4. Environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements.

18.10.4. You must document the reasons (see DoD FMR 7000.14-R, Volume 2B, Chapter 9) for a planned capital investment purchase and its expected benefits. Keep the documentation so it is readily available for review, audit, or evaluation. Use an economic analysis for projects with a total cost (funded and unfunded) of \$1 million or more and use a cost analysis for projects with a total cost (funded and unfounded) of less than \$1 million. This pre-investment analysis must be completed prior to inclusion of the capital asset in the capital budget submission, accomplishment of a reprogramming action, or a project substitution. These analyses shall be maintained by the originating office of the DoD Component as project documentation support for the Capital Budget submission as well as program execution.

18.10.4.1. Analyze each Capital Purchases Program category with an expected cost of \$250,000 or more for improved productivity and for replacement items that can greatly outperform an existing item. **EXCEPTION:** environmental, hazardous waste reduction, or requirements mandated by a regulatory agency (state, local or Federal) including directed action by higher DoD or Component authority which does not allow a choice.

18.10.4.2. Show your workload projections and the source or rationale for them. To show greater efficiency or effectiveness, you must analyze capital purchase based on present value. If you mainly intend to save money consider potential investments with the shortest payback period but balance savings against usefulness to the mission.

18.10.5. Capital investments in the categories of software and minor construction require analysis and documentation that differ from the other categories. See DoD FMR 7000.14-R, Volume 2B, Chapter 9 for specific guidance on software and minor construction.

18.10.6. Analyze results within 1 to 2 years after buying a capital item expected to cost \$250,000 or more when you said the item would improve productivity or perform better than an item it replaced. You must finish the analysis within 3 years after completing the job order and installing the equipment, developing the software, completing the construction, etc. Keep a copy of this analysis of results with the pre-investment analysis. Include at least:

18.10.6.1. The fiscal year of the President's Budget submission when the equipment, project, or reserve was approved, and the date when the equipment was installed.

18.10.6.2. The equipment cost estimated in the initial President's Budget submission and the actual investment cost.

18.10.6.3. The savings or cost avoidance estimated in the initial President's Budget submission and the actual savings (including unfunded costs) to date. Clearly differentiate between estimated and actual data.

18.10.6.4. The estimated and actual number of months to amortize the investment cost (pay-back period); i.e., the time required for the accumulated saving or cost avoidance to equal the equipment cost.

18.10.6.5. A brief narrative describing:

18.10.6.5.1. The basis for determining the savings or cost avoidance, such as fewer people, reduced maintenance, equipment, works faster, more accurately, etc.

18.10.6.5.2. When net savings or cost avoidance is expected to begin.

18.10.6.5.3. Why actual savings or annual costs differ (show how much) from those estimated.

18.10.6.5.4. A brief narrative providing, where applicable, the ways in which the new equipment met the intended objective -- improved the safety, quality or timeliness of the repair process; reduced the hazardous waste generated in a process; or improved morale (possibly verified by survey).

Section 18C—Guidance for Specific Business Areas

18.11. Depot Maintenance:

18.11.1. Bill the Air National Guard (ANG), the Air Force Reserve Command (AFRC), operational MAJCOMs, US Transportation Command (USTRANSCOM), Air Force Materiel Command (AFMC), Foreign Military Sales (FMS) and other customers for depot maintenance services.

18.11.2. Depot maintenance will develop rates and prices to charge customers the full cost of work performed, including recovery of accumulated profits and losses and any surcharge.

18.11.3. Ensure the full cost of all work produced, including any adjustments needed to meet cash or capital budget requirements, are included in customer rates and prices.

18.11.3.1. For each type of repair or service, such as exchangeables, AFMC develops a cost factor or uses other techniques equitable to all customers and recovers full costs of providing the repair or service.

18.11.3.2. Sign an interservice support agreement (ISSA) with each customer. Document the basis of reimbursement (such as cost factors, etc.). Review the agreement annually to make sure the reimbursement factors are adequate. Follow procedures in DoDI 4000.19 and AFI 25-201.

18.12. Supply Management:

18.12.1. The Consolidated Sustainment Activity Group – Supply Division (formerly Materiel Support Division) repairs and buys materiel items from commercial or other government sources. The CSAG-Supply Division primarily finances the repair and purchase of reparable items. Also, consumable items that did not transfer to the Defense Logistics Agency are managed under CSAG-Supply Division. Supply Management customers will obligate their funds when they place orders with the DWCF. Customers will place orders only for supplies or equipment needed in the current fiscal year, or for supplies and equipment whose lead time requires obligation of current year funds to ensure they are available when needed.

18.12.2. Apply this guidance for the Air Force Academy's (USAFA) Cadet Store Division:

18.12.2.1. If the USAFA Superintendent considers it in the Air Force's interest to authorize the return of any item for which there is a future requirement, establish the amount of credit allowed, following general guidance on DWCF return credit. Instruct staff to apply the credit as a refund to cash purchases, to the individual's pay record, or to the returning appropriation, as appropriate.

18.12.2.2. Do not use guidance on "distribution of inventories" for this division's operation.

18.12.3. Current General Support Division (GSD) policy involves the Comptroller Community in the receipt, distribution, and control of funding documents. Specific guidance on Comptroller involvement in GSD and delegation of fund loading authority to base level supply personnel is contained in AFMAN 23-110.

Table 18.1. Budgeting And Funding For Consolidated Sustainment Activity Group – Supply Division (CSAG-Supply) Supply Transportation Charges, Excluding Bulk Fuels.

R	A	B	C
U			
L			
E	If item is	And item movement is	then
1A	Produced in CONUS	To CONUS base	(1)DWCF*FDT pays to first point of use or storage
1B		to overseas base	(2)DWCF*FDT pays to aerial or water port in CONUS
			(3)DWCF*SDT pays CONUS

R U L E	A	B	C
	If item is	And item movement is	then
R U L E	A	B	C
	If item is	And item movement is	Then
		port handling services provided by Surface Deployment and Distribution Command(SDDC)), over-ocean transportation (including NMCS/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling (4)The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.	
2A	Produced overseas	to overseas bases	(1)DWCF*FDT pays overseas inland transportation
2B		To CONUS base/depot or other overseas base requiring over-ocean transportation	(2)DWCF*FDT pays overseas inland
			(3)DWCF*SDT pays overseas port handling, over-ocean transportation (including NAMCO/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling services provided by SDDC, and CONUS inland transportation
3A	Depot shipment (DLA)	to other depots and CONUS bases	(1)shipping depot pays transportation

R U L E	A	B	C
	If item is	And item movement is	then
3B		to all overseas bases	(2)depot pays to aerial or water port in CONUS,CONUS port handling services provided by SDDC, over ocean transportation (including NMCS/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and
R U L E	A	B	C
	If item is	And item movement is	then
			overseas port handling
			(3)The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.
4A	Return of Repairables to Depot/Contract or Facility in CONUS	From CONUS base	(1)DWCF*SDT pays CONUS transportation
4B		from overseas base	(2)overseas MAJCOM operating funds pay overseas inland transportation

R U L E	A	B	C
	If item is	And item movement is	then
			(3)DWCF*SDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, and CONUS inland transportation
5A	Return of Repairables to Contractor Facility overseas	From CONUS base	(1)DWCF*SDT pays CONUS inland, CONUS port handling, over ocean transportation (including NMCS/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and (2)overseas MAJCOM operating funds pay overseas inland transportation
R U L E	A	B	C
	If item is	And item movement is	then
5B		from overseas base	(3)overseas MAJCOM operating funds pay overseas inland transportation
6A	Repaired Consolidated Sustainment Activity Group – Supply Division (CSAG-Supply) Asset from Contractor Facility Worldwide	Worldwide	(1)DWCF*SDT pays CONUS inland transportation, CONUS port handling, over-ocean transportation (including NAMCO/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling

R U L E	A	B	C
	If item is	And item movement is	then
			(2)receiving overseas MAJCOM operating funds pay overseas inland transportation
7A	Redistribution Order(ROD), DWCF*Item Mgr. directed(DWCF*IM)	From CONUS base	(1)DWCF*SDT pays CONUS inland transportation, CONUS port handling, over-ocean transportation (including NMCS/999commercial express shipments between CONUS/ overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling (2)overseas MAJCOM's operating funds pay overseas inland transportation
7B		from overseas base	(3)DWCF*SDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/ overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, and CONUS inland transportation
R U L E	A	B	C
	If item is	And item movement is	Then
8A	Lateral Support, non-DWCF*IM directed	From CONUS base	(1)Shipping activity funds for CONUS inland transportation.

R U L E	A	B	C
	If item is	And item movement is	then
			(2)AFMCSDTO&M pays CONUS port handling and over-ocean (including NAMCO/999commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC
8B	Lateral Support, non-DWCF*IM directed	from overseas base	(3)overseas Modicum's Operating funds pay overseas port handling and overseas inland transportation
			(4)overseas MAJCOM's operating funds pay overseas inland transportation and overseas port handling
			(5)AFMCSDTO&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, and CONUS inland transportation
9A	Returned excesses, Creditable or non-creditable	From CONUS base	(1)DWCF*SDT pays Transportation
9B		from overseas base	(2)shipping MAJCOM's operating funds pay overseas inland transportation
			(3)DWCF*SDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via
R	A	B	C

R U L E U L	A	B	C
	If item is	And item movement is	then
If item is	And item movement is	then	
			AMC/MSC, CONUS port handling, and CONUS inland transportation
10A	Shipment in error	Worldwide	(1)DWCF*SDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling CONUS inland transportation (2)shipping MAJCOM's operating funds pay overseas inland transportation
11A	Lateral Support, DWCF and non-DWCF, other than IM-directed	Worldwide	(1)Activity requesting lateral support item funds for CONUS inland transportation.
12A	Repair Network Integration (RNI) reparable asset	to a CONUS Centralized Repair Facility (CRF)	AFMC Second Destination Transportation (SDT) O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation

R U L E	A	B	C
	If item is	And item movement is	then
		to an OCONUS CRF	(1) AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
			(2) overseas MAJCOM operating funds pay overseas inland transportation
12B	RNI serviceable asset	from a CRF to a CONUS base	AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
		From a CRF to an OCONUS base	(1) AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
			(2) overseas MAJCOM operating funds pay overseas inland transportation
<p>Over-ocean via AMC/MSC includes outbound and inbound CONUS and inter or intra theater moves.</p> <p>*Cite DWCFCSAG-Supply funds when shipping CSAG-Supply property.</p>			

Table 18.2. Budgeting and Funding for General Support Division (GSD) Transportation Charges, Excluding Fuels.

R U L E	A	B	C
	If item is	And item movement is	Then
1A	Procured in CONUS from	To CONUS base	(1)GSA pays CONUS inland transportation
1B	GSA	to overseas bases	(2)GSA pays CONUS inland transportation to aerial or water port
R U L E	A	B	C
	If item is	And item movement is	Then
			(3)DWCF General Support Division (GSD)SDT pays CONUS port handling services provided by Surface Deployment and Distribution Command(SDDC), over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling
			(4)The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.
2A	Procured in CONUS from DLA or Other Services Supply Management business activities(OSSF)	To CONUS base	DLA or OSSF pays CONUS inland transportation

R U L E	A	B	C
	If item is	And item movement is	Then
2B		to overseas base	(2)DLA or OSSF(SDT)pays CONUS inland transportation, CONUS port handling services provided by SDDC, over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling
			(3)The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.
3A	Local Purchase within CONUS	To CONUS base	(1)CONUS MAJCOM/base Operating funds pay CONUS inland transportation
R U L E	A	B	C
	If item is	And item movement is	Then
3B		to overseas base	(2)Receiving overseas MAJCOM operating funds pay CONUS commercial inland(GBL/CBL) transportation.
			(3)DWCFGSDSDT pays CONUS port handling services provided by SDDC, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling.
			(4)The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.

R U L E	A	B	C
	If item is	And item movement is	Then
4A	RDO, DWCF Item Mgr. (DWCFIM) directed	From CONUS base	(1)DWCFGSDSDT pays CONUS inland transportation, CONUS port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, and overseas port handling (2)Overseas MAJCOM's operating funds pay overseas inland transportation
4B		from overseas base	(3)Overseas MAJCOM's operating funds pay overseas inland transportation (4)DWCFGSDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port
R U L E	A	B	C
	If item is	And item movement is	Then
			handling and CONUS inland transportation
5A	Lateral Support, non-DWCFIM directed	From CONUS base	AFMCSDT funds for CONUS inland transportation.

R U L E	A	B	C
	If item is	And item movement is	Then
			(2)AFMCSDTO&M pays CONUS port handling and over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC
5B		from overseas base	(3)overseas MAJCOM's operating funds pay overseas inland transportation and overseas port handling
			(4)Overseas MAJCOM's operating funds pay overseas inland transportation and overseas port handling
			(5)AFMCSDTO&M pays over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, and CONUS inland transportation
6A	Returned excesses, creditable or non-creditable	From CONUS base	(1)DWCFGSD pays CONUS commercial inland(GBL/CBL) transportation.
6B		from overseas base	(2)Shipping MAJCOM operating funds pay overseas inland transportation
R U L E	A	B	C
	If item is	And item movement is	Then

R U L E	A	B	C
	If item is	And item movement is	Then
			(3)DWCFGSDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, and CONUS inland transportation
7	Shipment in error	Worldwide	(1)DWCFGSDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement)via AMC/MSC, CONUS port handling, CONUS inland transportation. (2)Shipping MAJCOM's operating funds pay overseas inland transportation
8A	Lateral support, DWCF or non-DWCF, other than IM-directed	Worldwide	(1)Activity requesting lateral support item funds for CONUS inland transportation.
9A	RNI repairable asset	to a CONUS CRF	AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation

R U L E	A	B	C
	If item is	And item movement is	Then
		to an OCONUS CRF	(1) AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
			(2) overseas MAJCOM operating funds pay overseas inland transportation
9B	RNI serviceable asset	from a CRF to a CONUS base	AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
		From a CRF to an OCONUS base	(1) AFMC SDT O&M pays over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
			(2) overseas MAJCOM operating funds pay overseas inland transportation

Table 18.3. Budgeting and Funding For Medical-Dental Division (MDD) Transportation Charges, Excluding Bulk Fuel.

R U L E	A	B	C
	If item is	and item movement is	then
1A	Procured in CONUS from	to CONUS base	(1) DLA or OSSF pays CONUS inland transportation

R U L E	A	B	C
	If item is	and item movement is	then
1B	DLA or Other Services Stock Fund (OSSF)	to overseas base	(2) DLA or OSSF (SDT) pays CONUS inland transportation, CONUS port handling services provided by SDDC, over ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, and overseas port handling (3) The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.
2A	Local Purchase within CONUS	to CONUS base	(1) CONUS MAJCOM or base pays CONUS inland transportation from operating funds.
2B		to overseas base	(2) Receiving overseas MAJCOM's operating funds pay CONUS inland transportation to aerial or water port. (3) DWCFMDDSDT pays CONUS port handling services provided by SDDC, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, and overseas port handling. (4) The overseas receiving MAJCOM pays for overseas inland transportation from operating funds.
3A	RDO, DWCF IM directed	to CONUS base	(1) DWCFMDDSDT pays CONUS inland transportation, CONUS port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, and overseas port handling

R U L E	A	B	C
	If item is	and item movement is	then
			(2) Overseas MAJCOM's operating funds pay overseas inland transportation
3B		from overseas base	(3) Overseas MAJCOM's operating funds pay overseas inland transportation (4) DWCFMDDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling and CONUS inland transportation
4A	Lateral Support, non-DWCF IM directed	From CONUS base	(1) Shipping MAJCOM/base operating funds pay CONUS commercial inland (GBL/CBL) transportation. (2) AFMC SDT O&M pays CONUS port handling and over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC (3) overseas MAJCOM's operating funds pay overseas inland transportation and overseas port handling
4B		from overseas base	(4) Overseas MAJCOM's operating funds pay overseas inland transportation and overseas port handling

R U L E	A	B	C
	If item is	and item movement is	then
			(5) AFMC SDT O&M pays over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
5A	Returned excesses, credit able or non-creditable	from CONUS base	(1) DWCFMDD pays CONUS commercial inland (GBL/CBL)transportation.
5B		from overseas base	(2) Shipping MAJCOM's operating funds pay overseas inland transportation (3) DWCFMDDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, and CONUS inland transportation
6A	Shipment	Worldwide	(1) DWCFMDDSDT pays overseas port handling, over-ocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC, CONUS port handling, CONUS inland transportation.
			(2) Shipping MAJCOM's operating funds pay overseas inland transportation.

Chapter 19

OFFICIAL VISITS CONCERNING BUDGET MATTERS

19.1. Conducting Budget Liaison. SAF/FMB is official liaison on all budget matters between the Air Force and the Office of Management and Budget (OMB), the Office of the Secretary of Defense (OSD), the Congressional Budget Office, or the Appropriations and Budget Committees of the Congress. Follow this guidance for reporting to the Air Force Deputy Assistant Secretary (Budget) (SAF/FMB) official visits by representatives of these organizations to Air Force commands, installations, and activities.

19.1.1. For visits by members of Congress, see AFI 90-401, *Air Force Relations With Congress*.

19.1.2. For visits by the Government Accountability Office (GAO, formally the General Accounting Office) officials, see AFI 65-401, *Relations with the Government Accounting Office (GAO)*.

19.2. Notifying Budget Officials about Visits:

19.2.1. Visits by Representatives of Congressional Appropriations and Budget Committees. SAF/FMBL (Congressional Budget & Appropriations Liaison Directorate) will announce visits to Directors of Financial Management and Comptroller, and others who need to know at command, installation, or activity. When representatives plan to visit activities below major command, (MAJCOM) SAF/FMBL will send an e-mail to the MAJCOM's comptroller. If time is short, SAF/FMBL will telephone the Comptroller liaison at the HQ MAJCOM and confirm later in writing. Provide SAF/FMBL the name of your point of contact by e-mail or telephone.

19.2.2. Visits by House Appropriations Committee (HAC) Survey and Investigation (S&I) Staff. The headquarters Team Chief appointed by SAF/FMBL will notify commands of visits by members of the HAC S&I Staff. When visits are to activities below MAJCOM, send a copy of the notice to the MAJCOM's Comptroller and functional area. If time does not allow a message, telephone the MAJCOM and confirm later in writing.

19.2.3. Visits by Representatives of OMB or OSD. The SAF/FMB directorate that handles the visit's subject matter will e-mail the Comptroller of the appropriate command, installation or activity. When visits are to activities below MAJCOM, the directorate will send an e-mail to the MAJCOM headquarters (Comptroller). If time does not allow an e-mail, they will telephone the Comptroller liaison at MAJCOM, then confirm later in writing. Tell the SAF/FMB directorate (by e-mail or telephone) of your point of contact for the visit.

19.3. Reporting Official Visits Concerning Budget Matters:

19.3.1. Reporting HAC S&I Staff Visits. Within 1 duty day after visit ends, or periodically if the S&I team is working on location, the main contact at the location should send a visit report to the Team Chief. If you are the contact, coordinate the report with your local comptroller. Send SAF/FMBL an information copy if an action affects the budget or includes something controversial.

19.3.2. Reporting Visits by Representatives of OMB, OSD, or Congressional Appropriation and Budget Committees. Information discussed with or data provided to visitors that is considered to be of importance in current or future budget matters should be provided by fax, phone, or e-mail to SAF/FMBL. Providing this information enables the Air Staff to correct problems during apportionment reviews, to discuss deficiencies or corrections with higher authorities. Present your information clearly and accurately. Information should show the source of information, time covered by data, and where relevant, how it applies to your requested, approved, or revised execution plans. Follow this same approach when citing any program or activity, such as flying hours, maintenance, or people programs.

19.3.3. Reporting Additional Information. Send any requested additional information, within 5 days after submitting the report, to SAF/FMB. (Use a cover letter, refer to the original report of visit, and send it through channels.) Address HAC S&I's to the Team Chief.

19.4. Command Actions. Major and intermediate commands will review the reports and other information for accuracy and completeness. In your Command's forwarding letter:

19.4.1. Correct errors in the basic report.

19.4.2. Clarify unusual problems or conditions.

19.4.3. State corrective action being taken or recommended, or deficiencies found during the visits.

19.4.4. Supplemental data or recommendations that help SAF/FM understand the basic report.

Chapter 20

WILDLIFE CONSERVATION, ETC., MILITARY RESERVATIONS, AIR FORCE (57X5095)

20.1. Using Wildlife Conservation Funds. Use these permanent, indefinite, special funds only to carry out programs for wildlife, fish and game conservation, and rehabilitation (P.L. 86-797, amended by 16 U.S.C. 670). Be sure you execute each fiscal years funding as an annual account. Unexecuted apportionment/funding is withdrawn at the end of each fiscal year. You may use both appropriated and nonappropriated funds. Note: use of nonappropriated funds for these conservation programs are limited to Morale, Welfare, and Recreation (MWR) and Lodging locations and programs. Pay for these costs:

20.1.1. Personnel services and related costs.

20.1.2. Temporary duty travel.

20.1.3. Buying chemicals, food, seeds; establishing fish ponds.

20.1.4. Other expenses necessary to carry out the program (see AFI 32-7065 for program details).

20.2. Sourcing Funds. Installation commanders sell hunting and fishing permits. FSOs/FMAs collect the proceeds into Receipt Account 575095. SAF/FMBO will allocate funds to designated commands under account 57X5095 after the Office of Management and Budget (OMB) apportions funds to the Air Force.

20.3. Budgeting for Funds. Commands identify requirements for Fish and Wildlife funds and supporting Air Force funds (O&M and RDT&E) using AF Form 2639, *Fish/Wildlife/Outdoor Recreation Resources Program*. (See AFI 32-7064, *Integrated Natural Resources Management*.)

Chapter 21

MILITARY FAMILY HOUSING (MFH) APPROPRIATIONS

Section 21A—The Defense Family Housing Property Account

21.1. Determining Properties to Include in the Defense Family Housing Property Account:

21.1.1. **Include** these properties, if the government has right, title, or interest in them.

21.1.1.1. All types of family (accompanied) dwelling units under Air Force jurisdiction, including mobile homes and whether the housing is located on or off station. These units may be owned or leased; occupied or unoccupied; dispersed or in communities; on active, inactive, standby, or reserve installations; or operated by the government directly or by contract. (For leasing unaccompanied personnel housing, see [Chapter 10 Paragraph 10.61](#) and [10.61.1](#))

21.1.1.2. Nondwelling buildings directly associated with family dwelling units or with an MFH area, including structures outside the housing area that support only MFH.

21.1.1.3. Roads, driveways, walks, and utility systems that serve mainly MFH units or areas.

21.1.1.4. The grounds area supporting on-base MFH units, and the yards of dispersed MFH units.

21.1.1.5. Community facilities integral to MFH and available primarily to MFH residents and their house guests.

21.1.1.6. Fixtures and other equipment items of equipment of a housing unit integral or movable (AFI 32-6001, *Family Housing Management*). Also include appliances for rental housing outside the 48 contiguous states of the United States, when it is in the government's best interest.

21.1.1.7. Any equipment permanently affixed to the family housing structure or installed in family housing areas, such as security, communications wiring/fiber, and anti-terrorism or force protection measures.

21.1.1.8. Furniture, furnishings, and other property not included above. Includes items in privately owned or rented housing outside the 48 contiguous states of the United States, when it is in the government's best interest.

21.1.2. **Exclude** these properties from MFH accounts, regardless of the government's right, title, or interest in them.

21.1.2.1. Base-wide systems for generating and distributing utilities (electricity, water, sewage, gas, steam, etc.).

21.1.2.2. Arterial roads, base perimeter fences that pass a housing area, public walks, and utility lines or mains that pass through or in front of MFH but which serve other locations.

21.1.2.3. Buildings similar to hotels or motels that families occupy temporarily.

- 21.1.2.4. Community buildings not part of MFH or used by other than residents and their guests.
- 21.1.2.5. Rental guarantee housing.
- 21.1.2.6. Private Sector Financing and Privatized Housing, consisting of privately-owned rental housing for families.
- 21.1.2.7. Removable telephones or other communications equipment installed in an MFH unit for official use will not be charged to MFH O&M. The installation, maintenance, repair, and upgrade of communications infrastructure in housing units and areas required by occupants for their official duties and approved under AFI 33-111 will be funded with applicable appropriated funds and not charged to MFH funds. (See [Chapter 4 paragraph 4.26.5.4](#))
- 21.1.2.8. Unofficial telephone equipment, except installed telephone wiring, in a MFH unit.
- 21.1.2.9. Distribution, equipment, or community television antennas owned by the government (other than DoD), a commercial cooperative, or private enterprise.
- 21.1.2.10. Property of the Military Assistance Program. See DFAS-IN/JAX [DFAS Security Cooperation Accounting (SCA)] and DoD FMR 7000.14-R Volume 15.
- 21.1.2.11. Educational buildings.
- 21.1.2.12. Religious buildings.

Section 21B—Military Family Housing Construction Account (57*/*0740)

21.2. Budget Program 710, Construction and Improvements after Acquisition. Follow these collection and accounting procedures for Budget Program 710. (See detailed Budget Project descriptions in AFMAN 65-604 and more guidance in Chapter 9 of this volume and AFI 32-6002.)

21.2.1. New and Replacement Construction (P-711). Include these costs:

- 21.2.1.1. Building, erecting, installing, assembling, relocating, or replacing units for single or several families.
- 21.2.1.2. Related land acquisition, site preparation, excavation, filling and landscaping, or other land improvements.
- 21.2.1.3. Outfitting during construction of a dwelling unit with fixtures and other requirements including major appliances, which are either part of the unit or movable items of major equipment.
- 21.2.1.4. Architectural and engineering supervision and inspection of construction.
- 21.2.1.5. New or replaced nondwelling buildings, directly associated with family dwelling units or a family housing area.
- 21.2.1.6. Roads, driveways, walks, and utility systems which serve mainly the family housing units.

21.2.1.7. Community facilities which are part of a family housing area and for family housing area residents and their house guests.

21.2.2. **Improvement Program (P-713).** Include work that alters, adds, expands, or extends housing along with any concurrent maintenance and repair work. Exclude minor alterations.

21.2.3. **Planning and Design (P-714).** Include:

21.2.3.1. Design, working drawings, specifications, and estimates for construction projects approved by the Secretary of Defense for the President's Budget.

21.2.3.2. Develop Housing Community Plan (HCP) in conjunction with Family Housing Master Plan for each installation.

21.2.3.3. Consolidated DoD guide drawings, specifications, and planning, as well as design effort, on projects not constructed later.

21.2.4. **Budget Program 719, Reimbursements.**

21.2.4.1. This program provides for accumulating reimbursements to this appropriation.

21.2.5. **Administering and Recording Costs:**

21.2.5.1. The Base Civil Engineer (BCE) organization that oversees an authorized design or manages construction of an MFH project keeps an auditable record of project costs. Include recorded costs in the project's final cost and apply them against statutory and administrative limits on construction.

21.2.5.2. Include direct payments from design and construction funds for contracts as well as reimbursable and nonreimbursable costs accumulated against base O&M accounts (see **Figure 21.1**, Design and Inspection Costs Matrix). Do not apply design and reimbursable costs against statutory and administrative limits.

21.2.5.3. Host base civil engineers who supervise and inspect construction for MFH projects at small, satellite Air Force stations must keep these records.

21.2.5.4. Keep records of costs from the beginning of design through final closeout of the project, and through the time funds are available for obligation. Maintain the integrity of codes for Budget Authorization Account Numbers (BAAN).

21.2.5.5. Dispose of records according to the Air Force Records Disposition Schedule (RDS) located at <https://www.my.af.mil/afrims/afrims/afrims/rims.cfm>.

Figure 21.1. Design and Inspection Costs - P-713, P-714, and P-722 Requirements Matrix.

FUND	How to do	PHASE	AF Form 327,BCE Work Order	CAC	RRI	How to REPORT	W/O IND	WK CLS	SALES CODE
P-714	Contract	Design	Req'd	7140 0	(Not Req'd) Direct Cite	AF Form 9 Cost through AFO to WIMS against work order for project	C	C	
	In-House	Design	Req'd	7140 0	P-	Engineers (C/C 421) report labor to the project work order using AF Form 1734 (see note 2)	A	C	51
P-713	Contract	Constr	Req'd	7130 0	(Not Req'd) Direct Cite	Same as P-714 contract above	C	C	
	In-House	Constr	Req'd	7130 0	N-	Shop(s) report labor to the project work order using AF Form 1734	A	C	51
	Contract	Insp	Req'd	7130 0	(Not Req'd) Direct Cite	Same as P-714 contract above	C	C	
	In-House	Insp	Req'd	7130 0	N-	Same as P-713 In-House above, except C/C reporting labor will be 421 (see note 2)	A	C	51
P-722	Contract	Design	Req'd	722X X	(Not Req'd)	AF Form 9 Cost through AFO to WIMS against work order for project		M,R,C	

FUND	How to do	PHASE	AF Form 327, <i>BCE</i> Work Order	CAC	RRI	How to REPORT	W/O IND	WK CLS	SALES CODE
	In-House	Design	Opt	722X X	(See Note 4)	Engineers (c/C 421) report labor to (C/C 421) project work order using AF Form 1734, <i>BCE</i> Daily Work Schedule (see note 2)	A	M,R, C	52
P-722	Contract	Constr	Req'd	722X X	(Not Req'd) Direct Cite	Same as P-722 contract above	C	M,R, C	
	In-House	Constr	Req'd	722X X	(See Note 4)	Shop(s) report labor to the project work order using AF Form 1734	A	C	52
P-722	Contract	Insp	Req'd	722X X	(Not Req'd) Direct Cite	Same as P-714 contract above	C	M,R, C	
	In-House	Insp	Opt (note 3)	722X X	(See Note 4)	Same as P-713 In-House above, except C/C reporting labor will be 421 (see note 2)	A	M,R, C	52

NOTES:

1. Charge any TDY costs for direct support to the project through an individual Work Order.
2. Calculate allowable In-House hours for this item by dividing budgeted amount by appropriate shop rate. Monitor the hours charged; if you go over, ask for more obligation authority through channels.
3. Do not do a Work Order for In-House inspection if In-House forces do the construction. The shop supervisor or superintendent, as necessary, will inspect.
4. Base the RRI code to use on the PAC as follows: 72262=RA; 72271=RG; 72292=RN; 72266=RC; 72281=RK; 72296=RQ; 72267=RD; 72291=RM; 72297=RR

21.2.6. Record these Project Costs:

21.2.6.1. The Architect Engineer's (A-E) services and construction contracts.

21.2.6.2. The Air Force BCE's direct labor hours for people who help design, manage the design, or manage construction of the project. Include people in support jobs, such as clerical and drafting. If the appropriate shop rate includes military costs, subtract it from the shop-rate cost to get reimbursable costs. Include the unfunded military cost in nonreimbursable project costs even though military people are not actually used on the project.

21.2.6.3. Government vehicles that directly support the housing project; leased vehicles; or mileage costs for civilian (privately-owned) vehicles where authorized and used instead of government vehicles.

21.2.6.3.1. Include and reimburse costs for government vehicles under the shop-rate distribution; do not record costs elsewhere.

21.2.6.3.2. Directly cite project construction (P-71X) funds when civilian mileage costs are authorized. Establish a BCE work order to account for funds paid.

21.2.6.3.3. Directly cite project construction funds (P-71X) when government vehicles are not available and you are authorized to lease vehicles for direct support of housing projects. Establish a BCE work order number and include it in the procurement documentation.

21.2.6.4. Printing and reproduction charges directly related to the project.

21.2.6.5. TDY expenses directly related to the project for military personnel or civilian employees.

21.2.6.6. All direct and non-BCE costs shown in [Figure 21.2](#)

21.2.6.7. Government-furnished material and equipment.

21.2.6.8.

Figure 21.2. shows budget projects, account codes and types of costs for MFH construction.

Figure 21.2. MFH Construction Matrix.

MFH CONSTRUCTION				
Budget Project	Description	Reimbursement Indicator	Project Account Codes	Type Cost
711	New and replacement			
	Construction			
	a. In-Service Design	Reimbursable	71400	BCE-Direct
	b. Contract Design	Direct Cite	71400	Direct

	c. Contract Costs - P711	Direct Cite	71100	Direct
	d. Title II Inspection by contract - P711	Direct Cite	71100	Direct
	e. Contract Management (SIOH)	Reimbursable	71100	BCE-Direct
	f. Non-BCE Costs	Reimbursable	71 100/ 71300	Non-BCE
713	Post Acquisition Construction			
	a. In-Service Design	Reimbursable	71400	BCE-Direct
	b. Contract Design	Direct Cite	71400	Direct
	c. Contract Costs - P713	Direct Cite	71300	Direct
	d. Title II Inspection by contract - P713	Direct Cite	71300	Direct
	e. Contract Management (SIOH)	Reimbursable	71300	BCE-Direct
	f. Non-BCE Costs	Reimbursable	71100/ 71300	Non-BCE

21.2.7. Exclude These Costs:

21.2.7.1. The time of commanders who mainly command and supervise base activities. (The Air Force would incur these costs whether or not the Air Force or another construction agent designed or constructed the housing).

21.2.7.2. The time of base staff for planning contracts, determining policy, or discussing other matters.

21.2.8. Identifying Project Costs. Classify construction and improvement project costs (paragraph 21.2.6) as funded or unfunded.

21.2.8.1. **Funded Project Costs.** Count these toward the statutory limit on the project's programmed amount. Funded costs include:

21.2.8.1.1. **Construction Contract Costs.** Directly cite P-711 or P-713 funds.

21.2.8.1.2. **Installed Government-Furnished Equipment (GFE).** Reimburse the appropriate Consolidated Sustainment Activity Group - Supply (DWCF) from P-711 or P-713 funds.

21.2.8.1.3. **Contingency.** Directly cite P-711 or P-713 funds.

21.2.8.1.4. **Supervision, Inspection, and Overhead (SIOH) Costs.** Reimburse from P-711 or P-713 funds.

21.2.8.2. **Unfunded Project Costs.** Count these costs toward the total project cost. However, do not count unfunded costs toward the statutory limit on the project's programmed amount.

21.2.8.2.1. BCE's direct SIOH (nonreimbursable) costs for managing construction (labor and materiel). For funded labor costs, use the shop rate(s) less the military cost.

21.2.8.2.2. Title I - A&E Design Service Fee. Directly cite P-714 funds.

21.2.8.2.3. Title II - A&E Fee. Directly cite P-711 or P-713 funds.

21.2.8.2.4. BCE's direct costs for in-service design (labor and materiel). Use the shop rate cost less the military cost.

21.2.8.2.5. Base-level TDY expenses directly related to the MFH project for military personnel and civilian employees.

21.2.8.2.6. Direct, non-BCE, costs of procurement, accounting and finance, and legal functions directly related to the MFH project. (Note: do not reimburse military labor.)

21.2.8.2.7. Printing and reproduction.

21.2.9. Establishing and Administering Work Orders:

21.2.9.1. Civil Engineering Financial Management will establish separate work orders for design and construction to record costs of BCE and non-BCE functions. If you have a base operating instruction for project management, show how non-BCE people will get complete, accurate data for time and other costs to the BCE. If available, use actual costs for all BCE and non-BCE functions.

21.2.9.2. Design costs start when you have received a design instruction from HQ Air Force Center for Environmental Excellence (AFCEE) or HQ USAF. Write work orders to collect all design costs, as shown below. Close them when design is complete and approved.

21.2.9.2.1. Contract work order for A&E design services.

21.2.9.2.2. In-house work order for BCE's direct (in-house) design and Supervision Inspection Overhead (SIOH).

21.2.9.2.3. Non-BCE work order for non-BCE direct costs.

21.2.9.3. Start work orders for construction when you receive procurement directives from MAJCOM or HQ USAF. Collect all costs for construction management (inspection, etc.) and close them when you receive final payment and reporting of all in-house labor. The BCE will determine how often to submit non-BCE and other costs. You may use the *Schedule of Reimbursements and Refunds* to charge accumulated BCE and non-BCE costs to the MFH appropriation. Maintain the integrity of codes for Budget Authorization Account Numbers (BAAN) from the beginning of design through final close-out. Apply these requirements to:

21.2.9.3.1. Contract work order for the construction contract and Title II Inspection.

21.2.9.3.2. BCE's direct and SIOH costs for In-house work orders.

21.2.9.3.3. Non-BCE work order for non-BCE direct costs.

21.2.9.3.4. Government-furnished material work order.

Section 21C—Military Family Housing Operation and Maintenance Account (MFH O&M, 57*0745

21.3. Charging Costs to MFH O&M:

21.3.1. **Include these costs:**

21.3.1.1. **Civilian Personnel Costs.** All civilian pay charges directly supporting the MFH property account and MFH management offices are reimbursable; civilian pay will be paid by FC 30 and reimbursed by FC 3Y. To compute federal labor costs for civilians use actual payroll costs, plus actual cost of benefits, or WIMS shop rates. If WIMS shop rates include military pay, do not charge the military pay cost to MFH O&M. Military pay is not reimbursable.

21.3.1.1.1. Limit administrative and supervisory costs to those incurred at installation level.

21.3.1.1.2. Compute labor costs, (both direct and indirect hire) for foreign nationals using local wage rates and total cost to the federal government. Total cost includes government contributions for employee benefits.

21.3.1.1.3. Charge civilian labor costs based on the actual work effort applied to MFH units, equipment, furnishings, fixtures, or housing areas. When WIMS is in operation, charge the labor costs to MFH using WIMS shop rates. (Examples of chargeable civilian labor are: Quality Assurance Evaluators; Special offices for managing GOQ; managing offices for MFH; Planning and Design Costs; In-house maintenance, repair, and minor alteration or improvement costs.)

21.3.1.1.4. Organizations other than civil engineering (for example, Security Forces or Contracting) charge indirect costs for labor that supports Family Housing (FH) only when FH activities earn manpower authorizations on the Unit Manning Document. Charge such costs only if multiples of one or more personnel are earned and not a fraction thereof.

21.3.1.2. **Temporary Duty (TDY) Travel.** Include all travel costs incurred at an installation for operating, administering, and supervising MFH activities. Usually, you will directly cite rather than reimburse these costs to MFH funds. SAF/FMB Sep 7, 1995 memo, Subject: Use of Military Family Housing Funds for Support Personnel Travel and Training, states, "the Air Force will use the MFH Operations & Maintenance 0745 account as the sole account to fund MFH travel and training activities in direct support of the family housing program." This is applicable to MAJCOMs, as well as, installations. Additionally, it states, "The O&M 3400 account will no longer be utilized for these costs." This prohibition on the use of the O&M 3400 account is to avoid a violation of the election rule in The Principles of Federal Appropriations Law that could result in an ADA violation.

21.3.1.3. **Transportation.** Either directly cite MFH funds or reimburse the account you first charged. Use the direct citation for MFH funds when you can separately identify contracts. Apply the reimbursable method when you use in-house resources to perform services. Pay for the following types of transportation costs from MFH:

21.3.1.3.1. Moving and handling costs for MFH furniture, furnishings, and appliances.

21.3.1.3.2. General Services Administration surcharge for overseas packing and crating when MFH requisitions items directly from GSA (i.e., when the order is not placed through the stock fund).

21.3.1.4. **Vehicle Costs.** Charge for direct support only. For government-owned vehicles, use cost data from the On-Line Vehicle Interactive Management System cost data and charge as a reimbursable. Directly cite MFH funds for contract-vehicle rentals.

21.3.1.5. **Leases.** Usually, you should directly cite lease costs. Include rental of dwelling units and other structures that support only MFH activities. When MFH and other base activities share leased facilities, determine a fair share of the leased cost based on square feet used by each activity. Compute the shared rate (expressed as a percent of the total lease cost) before the beginning of each fiscal year (FY), to cover 1 October through 30 September. Charge the MFH share to MFH O&M. When shared use changes significantly, you may negotiate a new agreement for the balance of the FY.

21.3.1.6. **Utility Services.** Use either direct citation or reimbursements to administer costs. Use direct citation when you can identify costs separately. Base charges on meter readings or engineering analysis (see AFI 32-1061). Whenever sewage metering or contract terms do not permit direct measurement, use 70 percent of water consumed to determine sewage quantity. If the resulting figure (i.e., 70 percent of the water consumed within military family housing, compared with total base sewage disposed of) is illogical, use the ratio of water MFH consumes to the total water consumed by the sewage-disposal plant.

21.3.1.7. **Contractual Services.** Costs may include any service contracts or maintenance and repair contracts applicable to MFH property. Directly cite funds whenever you can separately identify contracts. When you can not, charge MFH as a reimbursable. Under the authority of 10 U.S.C. 2829, contracts can be made for periods of up to four years for supplies and services for the management, maintenance, and operation of military family housing and may pay for the costs of each year out of annual appropriations for that year. In other words, the entire contract (2, 3, or 4 years) may **not** be funded using the fiscal year funds available when the contract is signed. The funds in each of the fiscal years in which the supplies or services are provided must be used to pay that fiscal year's bill.

21.3.1.8. **Facility Projects.** Directly cite these costs.

21.3.1.9. **Expense Materiel, Equipment, and Appliances.** Directly cite MFH funds whenever possible. Base MFH costs on purchase price, standard price, or shop rates, as appropriate. Directly cite MFH funds for contract rentals of equipment that directly supports MFH.

21.3.1.10. **Procurement of Flags for Military Family Housing Units.** MFH Operation and Maintenance (O&M) funds may be used to purchase and install flags for military family housing units. However, **ONLY** U.S. (American), combatant command, Service, and host nation flags may be procured and installed using MFH O&M funds, and **ONLY two flags total per unit.** For example, a U.S. flag (American) and an Army flag may be procured and installed on a MFH unit with MFH O&M, but **NOT** also a combatant command flag. Purchase of General Officer flags for MFH units is not authorized because General Officers are entitled to one flag at promotion. **Purchase of state, MAJCOM, and other organizational flags for military housing units is a personal expense of the member and may not be purchased with MFH O&M or other appropriated funds. While this policy allows for purchase and installation of**

U.S., combatant command, Service, and host nation flags on MFH units, it is highly recommended that MAJCOMs restrict the purchase and installation of MFH O&M-funded flags to key representational and command billets. All MAJCOMs should use discretion in implementing this policy as prudent custodians of public funds. Appropriated funds are not authorized to purchase US (American), state or Air Force flags for Privatized Housing.

21.3.2. Exclude these costs:

21.3.2.1. Military Personnel Services. Record costs to MFH in a memorandum account. When using WIMS shop rates, exclude only military pay, not the entire shop rate.

21.3.2.2. Indirect labor costs (such as administrative, clerical or supervisory) because you normally cannot accumulate them.

21.3.2.3. Costs from exception time accounting (ETA) Cost Centers, including indirect costs for civilian labor. Exception: see [21.3.1.1.3](#)

21.3.2.4. Transportation costs for moving personally-owned property when someone gets an assignment or leaves public quarters for the government's convenience. For permanent changes of station, charge costs to the appropriation in the order. Otherwise charge them to the O&M-type fund cite provided by your base family housing management office.

21.3.2.5. Temporary moves from MFH at the government's convenience (see AFI 32-6001).

21.3.2.6. Appropriated funds are not authorized to purchase US (American), state, or Air Force flags for Privatized Housing.

21.4. Budget Program 720, Operation and Maintenance. Include these costs in Budget Program 720 (AFMAN 65-604 has detailed Budget Project (BP) descriptions).

21.4.1. Budget Project 721, Operations. Besides the items described in AFMAN 65-604, include costs for:

21.4.1.1. Reimbursements to other federal government agencies for MFH units. (Note: OMB requires rental payments at full market rates on houses federal agencies own.)

21.4.1.2. Equipment rental.

21.4.1.3. Transportation.

21.4.1.4. Required surveys and preliminary contract studies on engineering construction plans made before the Office of the Secretary of Defense approves a project.

21.4.1.5. Inspecting construction, contracting services, and administrating project under build-to-lease, rental guarantees or private-sector financing.

21.4.1.6. Nominal rent charges paid to foreign governments for surplus housing.

21.4.1.7. Maintaining, repairing, and replacing of domestic freestanding appliances (not installed).

21.4.2. Budget Project 722, Maintenance of Real Property Facilities (In-House or by Contract). Besides the items described in AFMAN 65-604 include:

21.4.2.1. **Statutory Restriction.** Funds appropriated in the Military Construction Appropriations Acts for operation and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including flag and general officer quarters. It further directs that unless there is a specific exception requested for a unit in the President's Budget justification, not more than \$35,000 per unit may be spent annually for the operations, maintenance, and repair of any general or flag officer quarters without 30 days advance prior notification of the appropriate committees of Congress. (See AFI 32-6002, *Family Housing Planning, Programming, Design, and Construction* and AFI 32-6003, *General Officer Quarters*, paragraph 2.5.2).

21.4.2.2. **Funding Military Family Housing Units Temporarily Diverted for Use as Unaccompanied Housing.** Unless a unit is permanently taken out of service and removed from the family housing property records, it remains as family housing regardless of its temporary use as unaccompanied housing. **Only MFH O&M funds may be used for repair and maintenance of a temporarily diverted unit, not regular base O&M funds.**

21.4.2.3. Prewiring or relocating telephone terminals (outlets) per living unit, with minor alterations or with maintenance and repair projects.

21.4.2.4. Authorized repairing or maintaining of government-owned telephone wiring.

21.4.2.5. Maintaining, repairing, and replacing of installed appliances.

21.4.2.6. Designing and inspecting P-722 facility projects (see [Figure 21.1](#)).

21.4.2.7. Turnover maintenance including cleaning of MFH units when occupants change.

21.4.3. **Budget Projects 723 and 724, Leased MFH, Foreign.** Use projects 723 (Operations) and 724 (Maintenance) (See details in AFMAN 65-604).

21.4.4. **Budget Projects 725 and 726, Leased MFH, Domestic.** Use projects 725 (Operations) and 726 (Maintenance) (See details in AFMAN 65-604).

21.4.5. **Budget Project 727, Housing Privatization.** Include all costs to develop, evaluate, and oversee privatization projects, including the cost of consultants hired to assist in these efforts (Included in AFMAN 65-604).

21.4.6. **Budget Project 728, Utilities.** Include all utilities consumed in government-owned MFH as authorized in AFI 32-1061, *Providing Utilities to US Air Force Installations*. (See AFMAN 65-604 for details).

21.5. Limiting Spending:

21.5.1. **Alterations.** Follow AFI 32-6002 for minor alterations under BPs 722.

21.5.2. **Limitations.** See AFI 32-6002 for limitations on all cost elements.

21.5.3. **Maximum Annual Lease Costs.** Check the Military Construction Authorization Act for changes to maximum costs per unit for leased MFH.

21.6. Transferring and Reprogramming Funds:

21.6.1. You transfer funds between Element of Expense Investment Codes (EEIC) within each BP except when the issuer imposes limitations, administrative ceilings, or "floors" on the AF Form 1449, *Operating Budget Authority*.

21.7. Obligating Funds for Materiel. Make sure funds are available when you order furniture and appliances. Record obligations when DWCF accepts your order.

21.8. Buying Washers and Dryers in Continental United States (CONUS). See AFI 32-6004, *Furnishings Management*.

21.9. Buying Tableware for Special Command Positions. Use appropriated funds to issue and replace tableware items (linens, dishes, glassware, silver, or kitchen utensils) in Table of Allowance (TA) 106 only for those in special command positions as shown in DOD Directive 5105.53, *Director of Administration and Management (DA&M)*, and under Public Law (10 U.S.C. 2387). The 11 WG Supply Squadron, Bolling AFB, DC funds these items centrally.

21.10. Paying Taxes. Do not use the MFH appropriation to pay real estate taxes to foreign governments.

21.11. Providing Common-Service and Interagency Support for MFH Occupancy and Services. Apply the following guidance.

21.11.1. **Occupancy by People Not in the USAF.** The Air Force must operate and maintain all MFH units it owns, regardless of occupancy by other than Air Force people (see [paragraph 21.12](#)).

21.11.2. **Common Service.** Do not charge or collect reimbursements when military members of one DoD component occupy housing owned by another component. Occupancy of MFH units within DoD is not chargeable.

21.11.3. **Support Agreements.** Establish a local agreement for interservice support when other agencies (Air Force organizations and non-DoD government agencies) occupy MFH. The Coast Guard is an example.

21.11.3.1. Charge billings received for Air Force occupancy of non-DoD federal government housing (such as VA and FHA) to BP 721, EEIC 599XX.

21.11.3.2. Credit proceeds from occupancy of leased units to BP 723/725, Operation of Leased Foreign/Domestic MFH.

21.11.3.3. Credit proceeds received from non-DoD agencies occupying Air Force family housing per [paragraph 21.16](#)

21.11.4. **Quarters Allowances.** Stop paying quarters allowances to people who receive MFH, except when the housing is substandard (see DoD Military Pay Manual).

21.11.5. **Utilities and Maintenance.** Reimburse for these services when one service or agency provides them to support the MFH owned by another service or agency.

21.12. Charging for Occupancy of MFH by Contractors and Other Nonmilitary People:

21.12.1. **Nonmilitary People.** The Financial Services Office (FSO) or Financial Management Analysis (FMA) office will collect rent due from nonmilitary people (such as

recently separated members) occupying Air Force MFH, except that appropriated funded Federal civilian employees may authorize a payroll deduction for the rent. Credit proceeds from these occupants per [Section 21E](#).

21.12.2. Employees of the American Red Cross (ARC). Treat ARC employees the same as employees under appropriated funds for assigning and occupying MFH overseas. ARC employees in the CONUS, United States' territories, and possessions must pay a rental charge based on the rates charged for comparable private rental housing nearby (AFI 32-9003, *Granting Temporary Use of Air Force Real Property*). Do not charge rental at foreign locations (see AFI 36-3105, *Red Cross Activities Within the Air Force*). Credit proceeds from these occupants per [Section 21E](#).

21.12.3. Employees of the Army and Air Force Exchange Service (AAFES). Reimburse the MFH account for MFH rent and utilities furnished to qualifying AAFES employees. (Overseas AAFES employees not paid from appropriated funds are nonappropriated fund employees (NAF category 1, MWR activity) for MFH occupancy.) In Europe, centrally bill to AAFESEUR. In the Pacific area, local AAFES managers and FSOs/FMAs should coordinate and establish procedures for collecting rental charges. Credit proceeds from these occupants per [Section 21E](#).

21.13. Occupying Substandard Housing:

21.13.1. Military Personnel (P. L. 85-241). Military personnel may rent inadequate quarters, but if in substandard condition, then the following applies:

21.13.1.1. Pay the member the net difference between the basic allowance for housing (BAH) and the fair rental value of the quarters not to exceed 75 percent of the member's BAH. Pay this difference, as BAH, from the Military Personnel (MILPERS), Air Force appropriation. The adjusted BAH is the only charge to the MILPERS appropriation. ("Fair Rental Value" is the gross charge for occupying quarters, including charges for utility services (except telephone) and furniture when provided (see AFI 32-6001).

21.13.1.2. Do not reimburse the person, the MFH, or any other account from the MILPERS appropriation.

21.13.1.3. Do not make cash or payroll collections from United States military occupants of substandard housing.

21.13.2. Civilian Employees. Civilian occupants must pay cash monthly or authorize a payroll deduction equal to the fair rental value of the occupied quarters. Do not reduce civilian salary reports for occupying of MFH units. Credit the proceeds per [Section 21E](#).

Section 21D—Debt Payments

21.14. Charging the Debt Payment Program. Use this program to pay:

21.14.1. **Principal and Interest.** Monthly payments of principal and interest on Capehart and Wherry MFH projects to mortgage holders.

21.14.2. **Fees and Taxes.** Resident agent fees, corporate report billing fees, and franchise taxes.

21.14.3. **Deferrals.** Payment of deferred receipts to the mortgage.

21.15. Administering and Controlling Debt Payments:**21.15.1. SAF/FMB:**

21.15.1.1. Reviews the initial budget and financial plan submissions and resolves differences.

21.15.1.2. Prepares budget justification to the Office of the Secretary of Defense (OSD).

21.15.1.3. Monitors reviews by OSD, the Office of Management and Budget (OMB), and Congressional hearings.

21.15.1.4. Reviews and analyzes financial accomplishments and projections.

21.15.1.5. Monitors Future Year Defense Plan (FYDP) transactions.

21.15.1.6. Issues fund allocations within approved availability.

21.15.2. 1100 Resources Management Group, Bolling AFB DC 20332-5000:

21.15.2.1. Administers funds for principal and interest payments to holders of Capehart and Wherry mortgages; pays fees for resident agents and filing corporate reports, and pays franchise taxes.

21.15.2.2. Reports monthly status of budget borrowing and deferred receipt accounts to DFAS for transmission to the Department of the Treasury.

21.15.2.3. Accounts for receipt of funds sent through the Office of the Secretary of Defense, Comptroller (OSD(C)), from the sales of Air Force excess MFH units. Applies deferred receipts as principal payments to the mortgage account. After principal is eliminated, SAF/FMBI and AF/A7CH will direct fund expenditure in accordance with procedures in 10 U.S.C. 2831.

21.15.2.4. Develops interest and other expense on Capehart and Wherry units for FYDP.

21.15.2.5. Develops other budget data "as required" for Air Staff, OSD, and Congress.

21.15.3. The Defense Finance and Accounting Service (DFAS):

21.15.3.1. Submits budget and apportionment data as required.

21.15.3.2. Administers funds to pay servicemen's mortgage-insurance premiums.

21.15.3.3. Develops data on servicemen's in-service mortgage-insurance premiums for the FYDP.

Section 21E—Reimbursements MFH O&M

21.16. Reimbursing MFH O&M. Reimburse the following revenues to Budget Program (BP) 720, Operation and Maintenance. See [paragraph 21.17](#) for exceptions. Credit reimbursements for rental proceeds to the most beneficial BP (determined at installation level) unless otherwise specified. Note: process as refunds to MFH O&M payments from people for loss, damage, or destruction to MFH facilities or furnishings caused by abuse or negligence of the member, or dependent, guest.

21.16.1. Amounts received for supporting MFH units owned by another service or agency.

21.16.2. Rental receipts from Title III Defense housing.

21.16.3. Proceeds from the rental of MFH units and mobile home facilities.

21.16.4. Amounts that people renting MFH units or mobile homes pay for utilities and services. Follow charges for rental services and utilities in AFI 32-6001.

21.16.5. Utility collections for privately-owned mobile homes on government-owned land, which are not individually metered or billed directly to the occupant.

21.16.6. Charges levied for locating, siting, and connecting utilities to privately-owned mobile homes on government-owned land.

21.16.7. Payments from foreign governments and international organizations sponsoring people who occupy MFH units, including sale of services charged to MFH. Apply accessorial charges to issues, sales, or transfers of furniture and appliances to non-Air Force activities. Accessorial charges consist of packing, handling, and crating costs; positioning costs; and transportation costs for inland shipments, including parcel post.

21.17. Determining Other Reimbursements:

21.17.1. When a sales agreement requires proceeds from selling excess MFH units to be applied to a note owed by the Air Force, reimburse the proceeds to Air Force account 57*0745 for retiring debt. When the sales agreement does not include the request, deposit sales proceeds to the annual MFH O&M account designated by SAF/FMBIC and AF/A7CH.

21.17.2. Deposit proceeds from renting and handling of excess MFH units, less expenses for operating and maintaining this property, to the DoD parent account, 97*7065.1100C990-3200-49156.

21.17.3. If you have rental housing that includes government-owned furniture or appliances, reimburse the total combined charge to the same account prescribed for rentals of that particular type of housing.

Chapter 22

CIVILIAN PERSONNEL SERVICES

22.1. Overview. Within fund limitations, the Air Force uses in-service civilian personnel and contract services to complete workloads that do not require military incumbents.

22.2. Coordinating Personnel Authorizations and Workyears with Fund Authorizations. HQ USAF and MAJCOMs must coordinate funding and manpower authorization documents before issuing them. All echelons of command must include funds to adequately cover planned civilian employment levels in your operating budget authorities (OBA) and fund allocations or allotments. In determining employment levels, managers must consider manpower authorizations, funding priorities, employment capability, lapse (the length of time vacated positions are normally vacant), and overhire requirements. Use current average annual salaries and known or projected pay raises in pricing the civilian employment program. Pay personnel from the same appropriation and program element in which manpower spaces are authorized. Coordinate fund authorizations and planned employment levels by developing financed civilian workyear utilization/employment plans under the direction of the civilian employment and cost management committee (or a similar group as a Corporate Board).

22.3. Permanent Change of Station (PCS) Travel:

22.3.1. Do not apply the guidance in this paragraph to travel for security assistance programs, which is covered in [Chapter 17](#).

22.3.2. The Joint Travel Regulation (JTR), Volume 2, prescribes the activity responsible for paying authorized direct travel and transportation expenses. Charge these expenses to the same appropriation and budget activity from which you pay the employee's salary.

22.3.2.1. Air Force Materiel Command (AFMC) is responsible for funding PCS expenses for transportation by Military Sealift Command (MSC) of civilian personal effects.

22.3.2.2. HQ Air Mobility Command (AMC) centrally funds transportation of unaccompanied baggage and household goods on aircraft operated under the Transportation Working Capital Fund (TWCF). Unaccompanied baggage arriving at an aerial port without funding authorization for further movement is held a maximum of 7 days, during which time tracer action by most expeditious means (message, telephone, etc.) must be initiated to obtain funding authorization. If you do not obtain funding authorization within the 7-day period, initiate onward shipment citing operation and maintenance (O&M) type funds of the organization which has custody of the baggage. When proper funding data is obtained, reimburse or refund the prior charge (as required), considering the \$500 waiver policy.

22.3.2.3. See DFAS-DE *Interim Guidance on Accounting for Obligations* regarding the fiscal year to be charged for travel expenses.

22.4. Paying Civilian Personnel Working on Major Repair Projects. Charge the pay of personnel engaged in maintenance and repair projects and in the design and inspection of construction projects to elements of expense (EEIC) for civilian pay (11X) under O&M type appropriations. EXCEPTION:

22.4.1. Military Family Housing (MFH) Account, Construction Projects. Charge all personnel cost incurred for MFH new construction to Budget Program 710. You may hire personnel solely for this work and directly cite O&M (Appn 3400, FC 30) for their payroll costs. You charge these personnel services to the base O&M type appropriation. Then, you must reimburse the base O&M type appropriation from Budget Program 710, as follows:

22.4.1.1. For direct civilian personnel services, include actual payroll costs plus actual cost of benefits.

22.4.1.2. For foreign national labor services (local wage rate), you must reimburse for both direct and indirect hire labor, at 100 percent of total labor costs (BCE and non-BCE), including government contributions for employee benefits.

22.4.1.3. For bases operating under the Interim Work Information Management System (IWIMS), which will eventually be replaced by the Automated Civil Engineer System (ACES), charge the labor costs to MFH at the shop rate prescribed by that system. Note: If the shop rate includes military labor costs, record it as an unfunded cost.

22.4.2. Expense of Operating and Maintaining Military Family Housing. The Base Civil Engineer (BCE) and other organizations usually provide civilian personnel services and initially finance them from base O&M funds. You must reimburse from Budget Program 720, as follows:

22.4.2.1. For Air Force civilian Personnel in direct support of the MFH property account and MFH management, include actual payroll costs plus the actual cost of benefits.

22.4.2.2. For foreign national labor services (local wage rate), reimburse for both direct and indirect hire at 100 percent of total labor costs (BCE and non-BCE), including government contributions for employee benefits.

22.4.2.3. For bases operating under the Interim Work Information Management System (IWIMS), charge the labor costs to MFH at the prescribed shop rates. Note: If the shop rate includes military labor costs, record it as an unfunded cost.

22.4.3. Military Construction Projects. Charge civilian personnel services (in-house or contract) required for in-house design and inspection of construction projects to O&M-type funds.

22.4.4. Pay of Other Government Agency Personnel. Treat services provided by district engineers or other government agencies as contractual services. Program and finance them under the element of expense codes for design and construction.

22.5. Awards Guidance. For Suggestion Awards, see AFI 38-401. AFI 36-1001 and AFI 36-1004 provide guidance pertaining to civilian performance awards. Also see Chapter 4, Section 4L of this instruction.

22.6. Pay of Civilian Personnel Employed in Certain Specialized Functions. Follow this guidance in charging for salaries in the following specialized functions:

22.6.1. **Service Club and Library Personnel.** Use appropriated funds to pay salaries, including assistants, when manpower authorization documents include these authorizations.

22.6.2. Dining Hall Personnel. You may establish civilian authorizations for dining hall personnel, such as cooks, bakers, and mess attendants according to AFI 34-239, subject to availability of appropriate funds and following AFI 38-201.

22.6.3. Auxiliary Civilian Clergy. Commanders of Air Force activities, with the coordination and approval of wing chaplains, may authorize and appoint auxiliary civilian clergy when necessary.

22.6.4. Property Disposal Program. Charge the pay of Air Force civilian employees assigned to O&M activities, who perform services directly related to preparing and disposing of scrap, salvage, excess, surplus, or foreign excess personal property, to the appropriation from which you usually pay the employee. DFAS centrally administers reimbursement for these services, according to [Chapter 10, Section 10D](#).

22.7. Subsistence and Quarters to Civilian Employees. AFI 34-246 contains guidance on furnishing subsistence and quarters to civilian employees and related charges. Make collections from the employee either in cash or by payroll deduction. (See [Chapter 21](#) for collecting rent).

22.7.1. Collecting for Subsistence. Payrolls for civilian employees subsisting in Air Force messes are stated in the gross amount. Collect the cost of subsistence in cash or by payroll deduction. In developing civilian pay budgets, you must provide for the total salary of the employee.

22.7.2. Collecting for Utilities. Handle utility charges collected by payroll deductions as stoppages; that is, charge the gross salary to the appropriation from which the employee is paid and credit the amount representing collection for utility services to the appropriation available for supply of the utility services. Administer cash collections the same way. In either case, provide for the total salary of the employee in your budgets.

22.8. Witness and Jury Fees. Employees must turn in to their agencies all jury and witness fees paid to them by state and municipal courts while on court leave from their agencies, **except when such payments are "reimbursement for expenses" rather than "fees"**.

22.8.1. Deposit jury fees turned over to the Air Force by employees as refunds to the appropriation or funds from which the employee was paid.

22.8.2. Deposit witness fees turned over to the Air Force to the credit of receipt account 573099, miscellaneous recoveries and refunds not otherwise classified.

22.9. Lump-Sum Leave Payment. If an employee refunds a lump sum leave payment upon reemployment during the period covered by the payment, accomplish the refund either by cash collection or by payroll deduction. In either case, credit the collection as a refund to the appropriation that pays the employee.

22.10. Unliquidated Leave. Collect the value of unearned advanced leave upon separation, or unliquidated overdrawn leave at the end of a calendar year, from the employee concerned by cash, payroll deduction, or refund from any amount due or which may become due to the employee from the United States. Refund cash collections to the appropriation originally charged. Payroll deductions simply reduce the amount of the employee's current pay.

22.11. Travel Over-Advances. Under conditions specified in JTR, Volume 2, an employee may receive a travel expense advance. Usually, the advance is repaid by deduction from reimbursement due for travel. If this is not possible (for example, when the advance exceeds the

amount due), the employee must repay the amount over-advanced. If cash collection efforts are unsuccessful, make a payroll deduction. Treat the collection as an appropriation refund to the appropriation originally charged.

22.12. Reimbursement of Professional Liability Insurance Premiums. Section 636 of the Treasury, Postal Service, and General Government Appropriations Act for Fiscal Year 1997, as amended by Section 642 of the Treasury, Postal Service, and General Government Appropriations Act for Fiscal Year 2000, requires agencies to reimburse qualified employees for not to exceed one-half of the costs incurred for professional liability insurance. DoD further restricts reimbursement to a maximum of \$150 per year from the account the employee receives their salary. Employees eligible to receive reimbursement are law enforcement officers and supervisors and management officials. Eligible employees include civilians paid from appropriated and working capital fund activities. Non-Appropriated Fund and Military Appropriation funded employees are not eligible for reimbursement.

Chapter 23

BASE CLOSURE AND REALIGNMENT (BRAC) APPROPRIATIONS

Section 23A—Appropriation Structure and Data Codes

23.1. BRAC Appropriations. BRAC no-year funds may only be used for the purposes described in the Defense Base Closure and Realignment Act (P.L. 101-510 as amended and hereafter referred to as “The Base Closure Act”), Section 2905 to implement actions. Sections 2906 (BRAC 1988, 1991, 1993 and 1995) and 2906A (BRAC 2005) of the same statute provide additional specific information on each of the authorized accounts. Financing may come from appropriations, transfers in appropriations acts, and proceeds from the sale of assets made available from Base Realignment and Closures. Each appropriation has a specific code described below. Also see AFMAN 65-604 for specific appropriation codes for each BRAC round and each program year. Each year will have a separate appropriation code.

Table 23.1. BRAC 88 (Round I).

Appropriation 97X/50103.1102, Fund Code 20, <i>Base Closure Account (BRAC 88)</i> , authorizes recommendations of the 1988 Base Closure Commission. Funds appropriated for this account were available for new obligation through FY 1995. The following are bases designated for closure or realignment under BRAC 88:
Chanute AFB IL
George AFB CA
Mather AFB CA
Norton AFB CA
Pease AFB ME

Table 23.2. BRAC 91 (Round II).

Appropriation 97X0510.11XX, (See AFMAN 65-604 for specific codes for each program year), <i>DoD Base Closure and Realignment Account, Part II (BRAC 91)</i> funds closure and realignment costs associated with actions recommended by the 1991 Base Closure Commission created under the Defense Base Closure and Realignment Act of 1990 (Title 29 of P.L. 101-510). Funds in the DoD Base Closure Account 1990 are available only to incur new obligations for environmental restoration, property management and disposal, and other caretaker costs at closed or realigned installations and for the purpose of recording, adjusting and liquidating obligations properly chargeable to the account under Title 31, United States Code, section 1553. The following are bases designated for closure or realignment under BRAC 91:	
Bergstrom AFB TX	Lowry AFB CO
Carswell AFB TX	MacDill AFB FL
Castle AFB CA	Myrtle Beach AFB SC
Eaker AFB AK	Rickenbacker (ANG) AFB OH

England AFB LA	Richards Gebaur AFB MO
Grissom AFB IN	Williams AFB AZ
Loring AFB ME	Wurtsmith AFB MI

Table 23.3. BRAC 93 (Round III).

Appropriation 97X0510.16XX (See AFMAN 65-604 for specific codes for each program year), *DoD Base Closure and Realignment Account, Part II (BRAC 93)* funds closure and realignment costs associated with actions recommended by the 1993 Base Closure Commission created under the Defense Base Closure and Realignment Act of 1990 (Title 29 of Public Law 101-510). Funds in the DoD Base Closure Account 1990 are available only to incur new obligations for environmental restoration, property management and disposal, and other caretaker costs at closed or realigned installations and for the purpose of recording, adjusting and liquidating obligations properly chargeable to the account under Title 31, United States Code, section 1553. The following are bases designated for closure or realignment under BRAC 93:

Griffiss AFB NY	March AFB CA
Homestead AFB FL	Plattsburgh AFB NY
K. I. Sawyer AFB MI	Newark AFB OH
O'Hare IL	Gentile AFB OH

23.1.1. **For O'Hare AFB, IL**, the BRAC 93 Commission authorized the county to relocate the existing reserve unit at their own expense and directed that no BRAC funds be expended for this move.

Table 23.4. . BRAC 95 (Round IV).

Appropriation 97X0510.40XX (See AFMAN 65-604 for specific codes for each program year), *DoD Base Closure and Realignment Account, Part IV (BRAC 95)* funds closure and realignment costs associated with actions recommended by the 1995 Base Closure Commission created under the Defense Base Closure and Realignment Act of 1990 (Title 29 of P.L. 101-510). After July 13, 2001, funds in the DoD Base Closure Account 1990 are available only to incur new obligations for environmental restoration, property management and disposal, and other caretaker costs at closed or realigned installations and for the purpose of recording, adjusting and liquidating obligations properly chargeable to the account under Title 31, United States Code, section 1553. The following are bases designated for closure and realignment.

Bergstrom AFB TX	McClellan AFB CA
Eglin AFB FL	O'Hare IAP IL
Grand Forks AFB ND	Onizuka AS CA
Griffiss AFB NY (Redirect)	Ontario IAP CA
Hill AFB UT (UTTR)	REDCAP NY
Homestead AFB FL (Redirect)	Reese AFB TX
Kelly AFB TX	Roslyn ANG NY
Lowry AFB CO (Redirect)	Malmstrom AFB MT

23.1.2. **REDIRECTS:** In some cases, the subsequent Commission's recommendations change the base closure or realignment actions of a previous Commission. In most cases, this does not affect environmental restoration, property management, and disposal. Usually, you fund redirects with the BRAC appropriation associated with the Commission that directed the change. In the case of BRAC 91, there are three redirect actions for Mather, George, and Chanute AFBs which are authorized payment with BRAC 91 vice BRAC 88. Prior to 11 July 97, pay for the redirect of Mather reserves to Beale AFB with BRAC 91 funds. After 10 Jul 97, pay the costs of the BRAC 93 redirects (Castle AFB, Mather AFB, Chanute AFB, Rickenbacker ANGB, and Carswell AFB) with BRAC 93 funds. MacDill AFB was further redirected BRAC 95. If you are uncertain regarding appropriate funding, contact SAF/IE PMO for guidance.

23.1.3. **BRAC 05 (Round V):** Appropriation 97X0512.50XX (See AFMAN 65-604 for specific codes for each program year), *DoD Base Closure and Realignment Account, Part V (BRAC 05)* funds closure and realignment costs associated with actions recommended by the 2005 Base Closure Commission created under the Defense Base Closure and Realignment Act of 1990 (Title 29 of P.L. 101-510). After September 15, 2011, funds in the DoD Base Closure Account 2005 are available only to incur new obligations for environmental restoration, property management and disposal, and other caretaker costs at closed or realigned installations and for the purpose of recording, adjusting and liquidating obligations properly chargeable to the account under Title 31, United States Code, section 1553. The approved recommendations for which the Air Force has either full or partial funding responsibility are shown in **Table 23.6**.

23.2. Structure of the Account. The structure of the base closure accounts is by base "package" and by commodity (e.g., Military Construction, Operation and Maintenance, etc.) as shown in [paragraph 23.2.2](#) below.

23.2.1. The Air Force uses uniform budget program (BP) and project numbers to identify these expenses for budget formulation and execution. In addition, SAF/FMB assigns a discrete budget activity account number (BAAN) to identify each closure or realignment package. The list of BAANs is shown in **Table 23.6**.

23.2.2. See AFMAN 65-604 for the detailed coding structure of the programs, projects, and BAANs used for recommendations of all the Base Closure Commissions.

23.2.2.1. The budget programs include:

23.2.2.1.1. 100 Military Construction

23.2.2.1.2. 200 Military Family Housing (Used prior to 1997)

23.2.2.1.3. 300 Operation and Maintenance

23.2.2.1.4. 400 Military Personnel

23.2.2.1.5. 500 Other

23.2.2.1.6. 600 Environmental Compliance and Restoration (Beginning in 1997, Compliance and Restoration were combined)

23.2.2.1.7. 700 Installation Restoration (After 1997, program number 797 was assigned to Military Family Housing)

*Section 23B—Funds Administration and Budget Execution***23.3. Financial Responsibilities:**

23.3.1. SAF/FM prescribes financial management and comptroller procedures for issuing, expending and recording funds necessary to implement closures or realignments approved by the Defense Base Closure Commission.

23.3.2. SAF/FMBIC and SAF/IEI PMO resolve financial management and funding issues with OSD, the other Services, affected MAJCOMs, FOAs, and components.

23.3.3. SAF/FMBIC allocates BRAC funds to the MAJCOMs/FOAs based on MAJCOM requirements as approved and requested by SAF/IEI PMO.

23.3.4. SAF/IEI PMO provides guidance on identifying and submitting BRAC requirements and costs.

23.3.5. Each MAJCOM or FOA BRAC Program Management Office (PMO) (A8P or equivalent) compile, validate and submit requirements and requests for funds to SAF/IEI PMO.

23.3.6. MAJCOM/FMAs distribute BRAC funds to the BRAC affected installations with assistance from the MAJCOM BRAC PMO.

23.3.7. Installation/FMs administer BRAC funds IAW applicable DoD, AF, MAJCOM and local directives.

23.3.8. BRAC funds distributions and expenditures are recorded and reported using established DoD financial accounting systems and procedures.

23.4. Budget Process:

23.4.1. MAJCOM BRAC PMOs develop initial requirements for facilities projects, MFH, O&M, and Other Procurement costs. MAJCOM Civil Engineer Environmental Planning offices develop initial requirements for environmental compliance and restoration for closing installations/sites. MAJCOMs cost these requirements, coordinate with their MAJCOM/FMAs and submit requirements to the MAJCOM/BRAC PMO for entry in the AF BRAC Management Tool (BMT) IAW MAJCOM BRAC PMO procedures.

23.4.2. HQ AFPC develops Military Personnel PCS requirements and SAF/FMBOP provides costs to the SAF/IEI PMO.

23.4.3. SAF/IEI PMO reviews and approves all requirements, presents BRAC funding requests to the Air Force Corporate Structure (AFCS) and prepares budget justification materials.

23.5. Operating Under Continuing Resolution Authority:

23.5.1. When required, SAF/FMBIC will provide instructions on using BRAC funds under this authority. Amounts and availability of funds will be as provided for in the Continuing Resolution and as made available through the OSD Comptroller.

23.5.1.1. While Congressional action is pending, the Air Force cannot carry out any closure or realignment included in those recommendations.

23.6. Reprogramming:

23.6.1. Funding documents contain administrative limitations on moving funds between programs and projects.

23.6.1.1. MAJCOMs/FOAs may not move funds between OACs.

23.6.1.2. MAJCOMs/FOAs may not incur obligations for more than the amount stated for each budget program or each line item (BAAN) if funds have been issued to a specific BAAN by SAF/FMBIC.

23.6.1.3. MAJCOMs/FOAs may not move funds between Budget Programs, but may move funds within a Budget Program for requirements approved by SAF/IEI PMO.

23.6.2. Due to the dynamic nature of the BRAC business, requirements may change unexpectedly. Each MAJCOM BRAC PMO validates and submits any increase to a project amount or additional requirements to SAF/IEI PMO. SAF/IEI PMO will review and approve changes in requirements and funding.

23.6.2.1. If reprogramming of funds within the total MAJCOM program cannot fulfill the requirement, **then** the MAJCOM may request reprogramming in the account from SAF/IEI PMO with an information copy to SAF/FMBIC.

23.6.2.2. SAF/IEI PMO will advise the MAJCOM when a reprogramming request is disapproved and provide the MAJCOM BRAC PMO information on other options for funding the requirement.

23.6.3. Statutory limitations on account. The Base Closure Act provides authority on use of funds in the BRAC accounts.

23.6.3.1. Section 2906 limits authority to use funds for BRAC 88, 91, 93, and 95. "After July 13, 2001, the Account shall be the sole source of Federal funds for environmental restoration, property management, and other caretaker costs associated with any real property at military installations closed or realigned under this part or such title II." OSD Comptroller Memo, 4 May 2001, states, "After July 13, 2001, funds in the DoD Base Closure Account 1990 shall be available only to incur new obligations for environmental restoration, property management and disposal, and other caretaker costs at closed or realigned installations and for purposes of recording, adjusting and liquidating obligations properly chargeable to the Account under 31 U.S.C. 1553."

23.6.3.2. Section 2906A (1)(B) authorizes a separate account for BRAC 2005 and use of its funds "...only for the purposes described in Section 2905 with respect to military installations the date of approval of closure or realignment of which is after January 1, 2005".

23.7. Tenant Requirements:

23.7.1. The MAJCOM owning the closing or realigning base is responsible for compiling all closure or realignment costs, including costs of non-Air Force DoD agency tenants. Do not include costs for non-Federal agencies or private sector firms or personnel, unless there is a specific contract termination cost generated by the closure or realignment.

*Section 23C—Funding Guidance***23.8. Availability of Appropriations for BRAC Costs:**

23.8.1. Funding Direct Base Closure Costs under BRAC. The law authorizes the BRAC accounts to fund one-time, non-recurring costs that are a direct result of BRAC-directed base closure or realignment actions (P.L. 101-510, Section 2905, 2906 and 2906A).

23.8.1.1. Charge the BRAC account established to cover the base that is being closed or realigned (Round I, II, etc.).

23.8.1.2. Fund redirects as directed in paragraph **23.1.6. Table 23.5** identifies typical costs financed by BRAC. It does not address all situations. Apply the guidance in this paragraph regarding direct, non-recurring costs in all cases. **Section 23D** contains additional guidance for special situations.

23.8.1.3. Direct questions concerning approval for a particular requirement for BRAC funding to SAF/IEI PMO. Direct questions on financial management procedures and directives to SAF/FMBIC.

23.8.2. Reimbursing Other Agencies. Under Section 2905 the Military Services may also reimburse other Federal agencies for actions performed at the request of the Secretary concerning implementing any such closure or realignment, and may use for such purpose funds in the Account or funds appropriated to the Department of the Air Force and available for such purpose. (Note: If you are uncertain regarding a request from another agency (non-AF), ask SAF/IEI PMO for guidance.)

23.8.3. BRAC Funding Exclusions. The following costs do not qualify for BRAC funding.

23.8.3.1. Force structure drawdowns or realignments made outside the BRAC process, e.g., PCR actions.

23.8.3.2. Civilian or military salaries, except where authorized and approved by SAF/IEI PMO.

23.8.3.3. Normal upkeep for base facilities through the closure date.

23.8.3.4. Installation level closure or realignment management office manpower and normal operating expenses except where approved by SAF/IEI PMO.

23.8.3.5. Unit operating expenses such as telephone service, janitorial services, utilities, airfield operating costs through the closure date.

23.8.3.6. Corrections of existing deficiencies.

23.8.3.7. Normal rotation PCS moves, both military and civilian.

23.8.3.8. PCS moves associated with emergency evacuation, accession, training, retirements and separations.

23.8.3.9. Costs incurred to recruit and hire civilian personnel (including associated PCS costs) to fill vacant positions resulting from a realignment of an activity from a closing or realigning installation to a receiving installation in accordance with a BRAC

recommendation except in the case of Defense Working Capital Fund (DWCF) activities. (See DoD FMR 7000.14-R, Volume 2B, Chapter 9, paragraph 090103 H 3).

23.8.4. Environmental Restoration. Since 1991 the BRAC accounts are the exclusive source of funds for environmental restoration at closing installations.

23.8.4.1. Do not use either (Defense) Environment Restoration Account (ERA) O&M or other funds for environmental restoration at an installation closed under a BRAC recommendation.

23.8.4.2. AFMAN 65-604 lists the environmental compliance expenses projects eligible for BRAC funding. Direct technical environmental questions to AF/A7CV.

23.9. Election Rule. The base closure laws created a unique situation, in making both the BRAC account and AF appropriations that finance costs for O&M, planning and design, and minor construction available for realignment and closure costs. However, once legal appropriation is charged for a specific BRAC-related expense (e.g., a particular civilian PCS), that expense cannot subsequently be transferred to another account. Consequently, except for some civilian personnel costs, another appropriation may not be reimbursed for an expense that should have been paid from the BRAC account. This limitation applies even if BRAC funds are not available due to a continuing resolution. Direct questions on reimbursements or transferring charges to the BRAC account to SAF/FMBIC.

Section 23D—Other Funding Guidance

23.10. Military PCS Costs:

23.10.1. BRAC Active Duty AF Military Permanent Change of Station (PCS). BRAC PCS funds will be managed in accordance with procedures approved by SAF/IEI PMO, SAF/FMBIC and SAF/FMBOP.

23.10.1.1. BRAC PCS moves will be coded as “T” as directed by Headquarters Air Force Personnel Center (AFPC/DPAPD).

23.10.1.2. AFPC/DPAPB will provide fund cite authorizations, instructions and other information on preparing and processing military PCS orders to affected installations. AFPC/DPAPB will establish limits on the number and type (officer or enlisted) PCS orders chargeable to BRAC. SAF/FMBIC will issue BRAC military PCS funds (BP 400) to the MAJCOMs by location, BAAN and Budget Project Number. MAJCOMs will issue the funds to the installations.

23.10.1.3. Use the CMA PCS (3500) account for personnel who PCS from designated closure bases to an overseas station. If you use CMA funds, follow the normal procedures. BRAC funds may not be used to fund a PCS move to an overseas location except where specifically directed in a BRAC recommendation and then only to an overseas location that is one of the United States, its territories or possessions (see 10 U.S.C. 2687).

23.11. Civilian Personnel Costs. (This applies to host and tenant costs but excludes NAF costs which are addressed in a separate paragraph.)

23.11.1. **Health Benefits.** The organization that pays for the individual's salary is responsible to pay for the continuation of health benefits. (Section 8905a(d), title 5 U.S.C)

23.11.2. **Retirement.** BRAC will not fund retirement-related costs for civilian employees who elect to retire instead of relocating to another job. Fund only lump-sum leave balances from the BRAC account.

23.11.3. **Separation Pay and Reduction in Force (RIF).** The appropriation and organization that pays for the individual's salary pays for separation or RIF costs. On a base closure or realignment base, the BRAC accounts are available for making Voluntary Separation Incentive Pay (VSIP) payments, as well as related Voluntary Early Retirement Authority (VERA) payments, provided that the payments are legitimate implementation costs associated with a base closure commission recommendation. If the VERA or VSIP payment is not a legitimate implementation cost associated with (i.e. a direct result of) a BRAC closure or realignment, the organization that pays the salary of the individual is responsible to fund the separation pay (P.L. 102-484, October 23, 1992, Section 5597).

23.11.4. **Unemployment Compensation.** Unemployment compensation is a base closure account cost. The Services pay up to 26 weeks, and do not pay for extended benefits. However, BRAC cannot fund unemployment costs related to downsizing or realignment actions outside BRAC.

23.11.5. **Severance Pay.** This is funded from BRAC because it is considered a one-time cost.

23.12. Tenant Employees Costs. Follow the rules for other civilian employees.

23.12.1. BRAC will fund employee relocation costs for affected Department of Defense Agencies such as the Defense Commissary Service, Defense Reutilization Marketing Office, National Geospatial Agency, sister Service, etc., employees, if they are the last persons in their positions and another program does not fund them.

23.12.2. Headquarters Air Force Manpower must approve the designation of positions qualifying for BRAC funding.

23.13. Training Costs For AFRPA Employees. Charge the BRAC accounts for on-going training of Air Force Real Property Agency (AFRPA) civilian employees who are assigned to BRAC responsibilities. Charge BRAC accounts for training costs for HQ AFCEE BRAC employees assigned to BRAC responsibilities.

23.14. Packing, Crating, And Transportation of MWR Equipment. Appropriated funds may be used to pay for the transportation of MWR equipment and supplies (appropriated and nonappropriated fund-owned) directly resulting from a base closure or realignment.

23.14.1. Funding policy for shipment of MWR items is the same as that for appropriated support equipment.

23.14.2. Use BRAC Account funds to transport MWR equipment and supplies.

23.14.3. In all cases, the gaining base must have a requirement to use BRAC funds approved by SAF/IEI PMO.

23.15. Congressional Approval for Construction. P.L. 101-510 Sections 2906 and 2906A require when the cost of any BRAC project “will exceed the maximum amount authorized by

law for a minor construction project, the Secretary [of Defense] shall notify the congressional defense committees of the nature of, and justification for, the project and the amount of expenditures for such project.” For BRAC purposes, the threshold for minor construction projects is currently \$750,000. Projects whose estimated cost is less than \$750,000 will be treated as minor construction; projects estimated above \$750,000 will be treated as major construction and must be reported individually to Congress. This threshold is set by law and will be adjusted to match the most current legislation. Normal Military Construction thresholds for repair or other purposes do not apply to BRAC projects. There are additional requirements in the BRAC statute’s subsections for reporting amounts expended, projects added or projects proposed but not completed. All construction projects will be submitted to and approved in advance by SAF/IEI PMO.

23.16. Non-Appropriated Fund Instrumentalities (NAFI) Costs Including Facilities Construction:

23.16.1. DoD Instruction 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, Paragraph 6.12.2.3, October 31, 2007 states “Category C activities at installations identified for closure under BRAC procedures may receive APF support authorized for Category B activities. APF may finance costs that are a direct result of an approved BRAC action. Those costs include, but are not limited to, PCS for NAF employees, NAFI unemployment and severance payments associated with NAF personnel, and facilities construction. NAFI realignment and closure costs are authorized funding from all BRAC accounts, not just the Reserve Account.”

23.16.2. Base closure account funds may fund construction and renovation of Category A, B, & C NAF facilities and commissaries at receiving installations.

23.16.2.1. These projects must not exceed the needs created by closure or realignment action.

23.16.2.2. Do not use base closure account funds for existing deficiencies or "get well" projects unrelated to closure or realignment.

23.16.2.3. Congress will be notified for all projects whose cost exceeds \$750,000 in accordance with P.L. 101-510, Section 2906 and 2906A.

23.16.3. Appropriated funds are not normally available for construction or expansion of category B or C NAFIs. Therefore commands should coordinate any proposal to use appropriated funds for construction or expansion of category B or C NAFI at receiving installations with SAF/FMBIC, SAF/FMCEB, and SAF/IEI PMO.

23.16.3.1. **Section 23C** lists exceptions to the funding policies (e.g., when the transfer of new units or functions requires construction or expansion at an installation).

23.17. Funds Request and Issue Process.

23.17.1. SAF/IEI PMO provides program oversight and approval of funding requests for all BRAC funding issues. SAF/IEI submits funding requests to SAF/FMBIC for processing, monitors account status and approves all requests for reallocation of BRAC funds prior to SAF/FMBIC processing Fund Authorization Documents.

23.17.2. SAF/FMBIC notifies SAF/IEI PMO of initial distribution and funds availability via the SD Form 440 from OUSD/C.

23.17.3. SAF/IEI PMO notifies MAJCOMs/FOAs of availability of funds, advises command to submit request(s) for funds via email using Microsoft Excel format.

23.17.4. MAJCOM BRAC PMOs submit request(s) for funds by budget program (100, 300, 500, 600) and amount to SAF/IEI PMO by email. MAJCOMs may submit fund request(s) only for projects approved in the BMT. Each request will include the following:

23.17.4.1. MAJCOM

23.17.4.2. Recommendation Number

23.17.4.3. BMT Increment Number

23.17.4.4. BMT Requirement Title

23.17.4.5. Budget Program

23.17.4.6. Amount Requested (Dollars rounded to the nearest thousand-initial distribution only; exact amounts for changes)

23.17.5. MAJCOM/A7Cs (except ANG and AFRC) will submit requests for facilities projects whose cost exceeds \$750K to AF/A7CC after approval of the MAJCOM BRAC PMO and SAF/IEI PMO. AF/A7CC prepares and submits a Funds Authorization Memorandum for each project to SAF/IEI PMO. ANG/AFRC will submit requests for major construction projects directly to SAF/IEI PMO for each project

23.17.6. SAF/IEI PMO verifies all requirements and amounts, prepares and/or submits Forms 378 to SAF/FMBIC to issue funds to the executing entity.

23.17.7. SAF/FMBIC verifies funds availability and processes a Fund Authorization Document to issue funds to the MAJCOM/FOA. SAF/FMBIC also issues funds to the construction agent (United States Army Corps of Engineers – USACE), Naval Facilities Command (NAVFAC), Air Force Center for Engineering and Environmental Excellence (AFCEE), ANG, AFRC) or MAJCOM for facilities projects whose cost exceeds \$750K) with advice and approval of SAF/IEI PMO and input from AF/A7CC.

23.17.8. MAJCOM/FMA confirms and notifies MAJCOM BRAC PMO or equivalent of receipt of funds.

23.17.9. MAJCOM BRAC PMOs will direct the MAJCOM/FMA to distribute funds by recommendation and base for each budget project (O&M, Other, Environmental Compliance facilities as appropriate) using the BAAN and installation codes listed in Table 23.6. Funds (other than facilities projects exceeding \$750K) are issued to the installation location where the expense will occur or to the MAJCOM functional manager for centrally managed projects. For example, facilities projects for less than \$750K at Moody AFB related to Pope AFB recommendation will go to the parent command of Moody and then to the base if required; transportation (O&M) funds for moving A-10s from Pope to Moody will flow first to ACC then to Pope. MAJCOMs should use established funds control procedures to direct funds to the appropriate BAAN and base. Contact SAF/FMBIC for additional assistance with funds control procedures.

23.17.10. Installations execute the action, record and report the expense as required. See Attachment 6.

23.17.11. MAJCOMs may move funds within a budget program (300, 500, 600) to manage fact-of-life changes. However, funds may only be expended on requirements approved by SAF/IEI PMO. MAJCOMs must submit requests for additional funds or to move funds between budget programs to SAF/IEI PMO. These requests will be addressed individually and approved subject to fund availability.

23.17.12. MAJCOMs may direct questions concerning PBAS operations and data requirements to the PBAS Systems Office, points of contact (POC) include Cheryl Counce at DSN 699-3325, Ed Woelfel at DSN 699-3081, and Robin Ebert at DSN 699-5880.

Figure 23.1. BRAC Funds Flow.

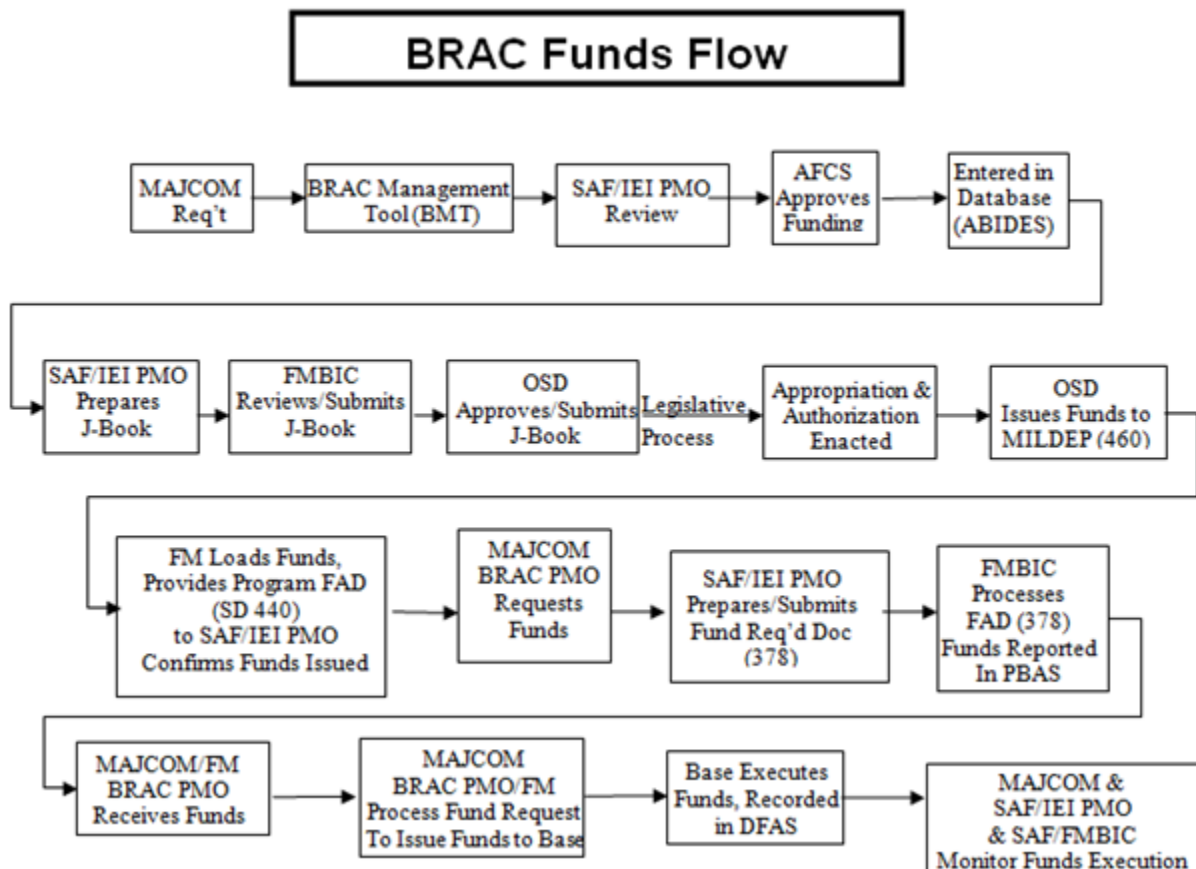


Table 23.5. Financing BRAC Costs.

<p>TYPICAL BRAC COSTS (SAF/IEI PMO provides separate detailed instructions for estimating costs to MAJCOM BRAC PMOs)</p>
<p>(Not all inclusive)</p>
<p>MILCON</p> <p>Use Site Survey data and enter cost for the year of execution.</p> <p>Include Planning and Design. Enter project cost and description.</p> <p>Include land acquisition requirements but show as a separate cost item.</p> <p>Show environmental mitigation costs (at the gaining site only) in Environmental costs.</p>
<p>Also include the following costs:</p> <p>Special use space (anything for which there are no standards in 32-1024).</p> <p>Munitions' storage requirements.</p> <p>Security (Alarm system, fencing, lights, etc.).</p> <p>Utilities (isolation, rerouting, additions).</p> <p>Site preparation costs.</p> <p>Environmental considerations and costs at the realigning location (replacement of wet lands, if required, etc.) and communications costs required to connect the facility to the installation's communications lines.</p> <p>Communications equipment normally purchased with appropriation 3080 funds should be identified separately for BRAC "Other" funding.</p>
<p>Military Family Housing (MFH)</p> <p>Include land acquisition, if required, as an entry and relate it to the specific MFH project.</p> <p>Include environmental mitigation in Budget Program 600.</p> <p>Include Planning and Design in the same way as for MILCON.</p>
<p>Operation and Maintenance.</p> <p><u>Civilian Personnel.</u> Include PCS costs for authorizations required to move as a direct result of a BRAC recommendation. Movement costs may only be included for movements directed from an installation specifically identified for closure or realignment.</p>
<p><u>Transportation of Things.</u> Include only transportation to destinations in the 50 States or a U.S. Territory or Possession if identified as a receiving location in a BRAC recommendation. Show packing and shipping for both accountable and non-accountable items. Also show items not going with a realigning unit, i.e., returning to the item manager. Do not include transportation for Non-Accountables (furniture, office equipment, etc.) unless it can be demonstrated to be more economically beneficial than a new purchase.</p>

TYPICAL BRAC COSTS (SAF/IEI PMO provides separate detailed instructions for estimating costs to MAJCOM BRAC PMOs)

(Not all inclusive)

Travel. Covers TDY expenses required to implement a BRAC recommendation. Include costs for Site Activation Task Force (SATAF) teams for realignments and Closure Task Force (CTF) teams for closures. Include estimated costs for packing and crating teams and Engineering Installation Group (EIG).

Information Technology (Communications and Computers). Include removal of Air Traffic Control and Landing Systems (ATCALs), base communication or computer equipment. Include contracts for commercial services for communication or computer support such as telephone or switch installation removal, cranes for removing ATCALs, etc. Do not include contracts for recurring service. Include all REHOMING costs. Include O&M costs for base communication or computer expansions.

Utilities and Rents. Include leases for temporary (or permanent) facilities approved by SAF/IEI PMO. Include any additional one-time utility costs for temporary facilities, i.e., install or de-install. Do not include the recurring cost of heat, water, sewage, etc., since the unit would have to pay these costs on a permanent facility. The gaining base budgets for these costs during the first SATAF.

Purchased Equipment Maintenance.

Other Purchased Services. Include one-time contracts required to close a base or realign unit. Include approved contracts for Program Management support.

Supplies. Include one-time materials such as plywood to board up window, needed to pickle the base. Do not include office supplies, software, computers, furniture, or carpeting for the closure base. Do not include bench stock, WRM, or any other mission equipment.

Equipment. Include only one-time equipment purchases required to implement the closure or realignment.

Minor Construction Projects. Include any add, alter, or refurbishment construction project \$750,000 or less. Include both projects for temporary and permanent beddowns. Include planning and design costs.

Other.

Procurement Type Items. These are items typically bought with 3080 funds whose cost exceeds the normal O&M expense or investment threshold. Such items are communications switches, cables, and base or supply computer system expansions. May include items for cantonment areas or special requirements not included in a construction project such as fuel storage tanks. Usually these items have a specific cost and require no calculation. Also includes training costs for Air Force Reserve personnel and Air National Guard personnel who are required to train into a new career field due to a BRAC closure or realignment action. Includes only training costs approved by SAF/IEI PMO.

TYPICAL BRAC COSTS (SAF/IEI PMO provides separate detailed instructions for estimating costs to MAJCOM BRAC PMOs)
(Not all inclusive)
Environmental. Compliance expenses required to move a unit or close an installation at both the losing and receiving location. Installation restoration for closure installations.

Table 23.6. BAANs (2005 BRAC Recommendations).

BAAN	Recommendation Name
79	079 Eielson
80	080 Kulis AGS
81	081 Ft Smith AGS
82	082 Beale
83	083 March ARB
84	084 Onizuka
85	085 Bradley AGS
86	086 Newcastle AGS
87	087 Robins
88	088 Boise AGS
89	089 Mt Home
90	090 Capital AGS
91	091 NAS New Orleans ARS
92	092 Andrews
93	093 Martin St AGS
94	094 Otis ANGB
95	095 WK Kellogg AGS
BAAN	Recommendation Name
96	096 Duluth AGS
97	097 Key Field AGS
98	098 Great Falls AGS
99	099 Reno-Tahoe AGS
CA	100 Cannon
01	101 Niagara Falls ARS
02	102 Schenectady AGS
03	103 Pope
04	104 Grand Forks
05	105 Hector AGS
06	106 Mansfield-Lahm AGS
07	107 Springfield-Beckley AGS
08	108 Portland AGS
10	110 Nashville AGS

11	111 Ellington AGS
12	112 Lackland STAMP/STRAPP
BAAN	Recommendation Name
13	113 Hill, Edwards, Mt Home, Luke, Nellis
14	114 Langley
15	115 Richmond AGS
16	116 Fairchild
17	117 Gen Mitchell ARS
18	118 LSCs
19	119 F-100 CIRF
22	122 Joint Center, Consolidated Transportation Management Training
25	125 JSF IFT
28	128 UPT & UNT
29	129 AF & ANG Leased Locations (NCR) - Andrews
H2	129 AF & ANG Leased Locations (NCR) - Bolling
H3	129 AF & ANG Leased Locations (NCR) - Ft Meade
30	130 Defense MILDEP Adjudication Agencies - Bolling
31	131 MILDEP Investigative Agencies/Counter Intel and DSS – Quantico
C1	137C CPOs – All
C2	137C CPOs – Bolling
C3	137C CPOs – Hill
C4	137C CPOs – Robins
C5	137C CPOs – Tinker
C6	137C CPO - Wright Patterson
38	138 Consolidate Correctional Facilities
41	141 AF News Agency (Media Organizations)
42	142 TRANSCOM - Scott AFB
43	143B ARPC & IMA
J1	146G JB – McGuire
J2	146H JB – Andrews
J3	146I JB – Elemendorf
J4	146J JB – Lackland
J5	146K JB – Charleston
J6	146L JB – Langley
J7	146A JB Ft Lewis – McChord
47	147 AFRPA
70	170 Brooks City Base
71	171 McChord AFB Medical Functions
72	172 Lackland/Ft Sam Houston Medical Centers
M1	172 Sheppard Med Tng
M2	173D Inpatient Services - USAFA

M3	173E Inpatient Services - Andrews
M4	173F Inpatient Services - MacDill
M5	173G Inpatient Services - Keesler
M6	173H Inpatient Services – Scott
BAAN	Recommendation Name
75	175 Commodity Management Privatization
76	176 Depot Level Repairable Procurement Management
77	177 Supply, Storage and Distribution Management
T1	185 Air IW&A RDAT&E Center
T2	187 Defense Research Labs
T3	188A Fixed Wing RDAT&E - TRH
T4	188B Fixed Wing RDAT&E – WP
T5	189A Rotary Wing RDAT&E - Robins
T6	189B Rotary Wing RDAT&E - WP
G5	195 Galena FOL
E1	123 Culinary Training
E2	124 Religious Training
PM	PM HAF Program Management
P1	Air Combat Command Program Management
P2	Air Education and Training Command Program Management
P3	Air Force Material Command Program Management
P4	Air Force Reserve Command Program Management
P5	Air Force Special Operations Command Program Management
P6	Air Force Space Command Program Management
P7	Air Mobility Command Program Management
P8	Air National Guard Program Management
P9	Pacific Air Force Program Management
PW	Air Force District of Washington Program Management
PJ	Joint Basing - Program Management Program Management
3A	Shaw - 3rd Army HQ
4B	Eglin - 7 SFG
A1	AFR Ctr Birmingham
A2	AFR Ctr Pease
A3	AFR Ctr Malmstrom
33	AFR Ctr Kirtland
36	AFR Ctr Hector
37	AFR Ctr Mansfield-Lahm/Springfield
A4	AFR Ctr Vance
44	AFR Ctr Dyess

46	AFR Ctr Fairchild
49	AFR Ctr FE Warren
52	AFR Ctr Westover
68	NAS Willow Grove

Table 23.7. Budget Program (BP) and Budget Project Numbers.

BP #	Budget Programs & Project Numbers
100	Construction
110	Construction (major)
120	Planning & Design (for major projects)
300	Operations and Maintenance
310	Civilian Severance Pay
320	Civilian PCS
330	Transportation of Things
340	Real Property Maintenance
341	RPM--Civilian Pay
342	RPM—Travel
343	RPM—Communications
344	RPM--Utilities and Rent
345	RPM--Purchased Equipment Maintenance
346	RPM--Other Purchased Services
347	RPM—Supplies
348	RPM—Equipment
349	RPM--Minor Construction Project
350	Program Management - Other (non-AFRPA)
351	PM-O-Civilian Pay
352	PM-O-Travel
353	PM-O-Communications
354	PM-O-Utilities and Rent
355	PM-O-Purchased Equipment Maintenance
356	PM-O-Other Purchased Services
357	PM-O-Supplies
358	PM-O-Equipment
360	Program Management (AFRPA Only)
361	PM--Civilian Pay
362	PM—Travel
363	PM—Communications
364	PM--Utilities and Rents
365	PM--Purchased Equipment Maintenance
366	PM--Other Purchased Services
367	PM—Supplies
368	PM—Equipment
369	Caretaker Costs
BP #	Budget Programs & Project Numbers

400	Military Personnel (MILPERS)
470	Officer
476	Officer - PCS Operational Move
480	Enlisted
486	Enlisted - PCS Operational Move
500	Other
510	Base Procured Equipment
520	AF Reserve Command Training
530	ANG Training
600	Environmental
606	Overhead (OH)
607	IR Overhead
616	Civilian Personnel
617	IR Civilian Personnel
620	IR Installation Restoration
621	IR Preliminary Assessments/Site Inspection
622	IR Remedial Investigation/Feasibility Study
623	IR Remedial Design
624	IR Remedial Action
625	Remedial Operations
626	Training and TDY
627	IR Training and TDY
636	Supplies
637	IR Supplies
646	Equipment
647	IR Equipment
662	Air Quality
663	Water and Waste Water
664	Solid and Hazardous Waste
665	Petroleum, Oil and Lubricants (POL) and Underground Storage Tanks
666	Asbestos, Radon and Polychlorinated Biphenyl's (PCB)
667	Natural, Historical and Cultural Resources
668	Other
669	Environmental Impact Statements (EIS)/Environmental
676	State Oversight Costs
700	Military Family Housing (MFH)
710	MFH Construction
720	MFH Planning and design

800	Not used
900	Homeowners Assistance Program

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AF Form 401, *Budget Authority/Allotment*

AF Form 402, *Obligation Authority/Suballotment* (prescribed **only** for SAF/FMBIB-AFO).

Forms Adopted

AF Form 9, *Request for Purchase*

AF Form 15, *United States Air Force Invoice*

AF Form 86, *Request for Cataloging Data/Action*

AF Form 100, *Request and Authorization for Separation*

AF Form 150, *Drayage/Storage Authorization – Government Quarters*

AF Form 327, *BCE Work Order*

AF Form 616, *Fund Cite Authorization*

AF Form 899, *Request and Authorization for Permanent Change of Station –Military*

AF Form 1449, *Operating Budget Authority*

AF Form 1734, *BCE Daily Work Schedule*

AF Form 2639, *Fish/Wild-life/Outdoor Recreation Resources Program*

CAP Form 108, *Payment/Reimbursement Document for Aviation/Automotive/Miscellaneous Expenses*

DD Form 448, *Military Interdepartmental Purchase Request*

DD Form 1105, *Apportionment/Reapportionment Schedule*

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SF 44, *Purchase Order Invoice-Voucher*

SF 1080, *Vouchers for Transfer Between Appropriations and Funds*

SF 1151, *Nonexpenditure Transfer Authorization*

Abbreviations and Acronyms

AAFES —Army and Air Force Exchange Service
A&AS —Advisory and Assistance Services
ABA —Annual Budget Authorization
ACC —Air Combat Command
ADPE —Automatic Data Processing Equipment (see IPE)
ADSN —Accounting and Disbursing Station Number
AE —Aeromedical Evacuation
AEDC —Arnold Engineering Development Center
AEF —Air Expeditionary Force
AETC —Air Education and Training Command
AEU —Accrued Expenditure Unpaid
AFA —Air Force Academy
AFAA —Air Force Audit Agency
AFCARO —The Air Force Civilian Appellate Review Office
AFEMS —Air Force Equipment Management System
AFFTC —Air Force Flight Test Center
AFI —Air Force Instruction
AFMAN —Air Force Manual
AFMC —Air Force Materiel Command
AFPC —Air Force Personnel Center
AFOSI —Air Force Office of Special Investigations
AFOTEC —Air Force Operational Test and Evaluation Center
AFRC —Air Force Reserve Command
AFRL —Air Force Research Laboratory
AFRPA —Air Force Real Property Agency
AFRTS —Armed Forces Radio and Television Service
AFSOC —Air Force Special Operations Command
AFSPC —Air Force Space Command
AFTAC —Air Force Tactical Applications Center
AID —Agency for International Development

ALC —Air Logistic Complex
AMC —Air Mobility Command
ANG —Air National Guard
AOR —Area of Responsibility
APF —Appropriated Funds
ARF —Air Reserve Force (AFRC/ANG)
ARPC —Air Reserve Personnel Center
ASIP —Aircraft Structural Integrity Program
ATC —Air Transportable Clinics
AU —Air University
BA —Budget Authorization
BAAN —Budget Authorization Account Number
BCE —Base Civil Engineer
BOS —Base Operating Support
BP —Budget Program
BPAC —Budget Program Activity Code
BY —Budget Year
CAIB —Community Action Information Board
CAM —Centralized Asset Management
CAP —Civil Air Patrol
CENTCOM —United States Central Command
CFE —Contractor Furnished Equipment
CG —Comptroller General
CLS —Contractor Logistic Support
CMA —Centrally Managed Allotments
CONUS —Continental United States
COT —Consecutive Overseas Tours
COTS —Commercial Off-The-Shelf
CPMS —Civilian Personnel Management Service
CRA —Continuing Resolution Authority
CSAG-M —Consolidated Sustainment Activity Group - Maintenance
CY —Current Year

DAPS —Document Automation and Production Service
DDR —Drug Demand Reduction
DeCA —Defense Commissary Agency
DFAS —Defense Finance and Accounting Service
DFAS- IN/JAX —DFAS Security Cooperation Accounting (SCA)
DFDU —Desert Flight Dress Uniform
DHP —Defense Health Program
DISA —Defense Information Systems Agency
DLA —Defense Logistics Agency
DoD —Department of Defense
DOE —Department of Energy
DRMO — Defense Reutilization and Marketing Office
OUSD(C) —Department of Defense (Comptroller)
DCS —Direct Commercial Sales
DQS —Data Quality Service
DRU —Direct Reporting Unit (to HQ USAF)
DT&E —Developmental Test And Evaluation
DWCF —Defense Working Capital Fund (formerly DBOF)
ECO —Engineering Change Order or Economic Change Order
EEIC —Element of Expense/Investment Code
EEO —Equal Employment Opportunity
EEOC —Equal Employment Opportunity Commission
EIAP —Environmental Impact Analysis Process
EMEDS —Expeditionary Medical Support
EOQ —Economic Order Quantity
ESP —Emergency and Special Program
FAA —Federal Aviation Administration
FASCAP —Fast Payback Capital Investment Program
FC —Fund Code or Functional Category
FDE —Force Development Evaluation
FDT —First Destination Transportation
FDU —Flight Dress Uniforms

FEMA —Federal Emergency Management Agency
FMA —Financial Management Analysis
FMF —Foreign Military Financing
FMS —Foreign Military Sales
FOA —Field Operating Agency
FOT&E —Follow On Operational Test And Evaluation
FRG —Federal Republic of Germany
FSO —Financial Services Office
FTD —Field Training Detachment
FY —Fiscal Year
FYDP —Future Years Defense Program
GAO —Government Accountability Office
GFE —Government Furnished Equipment
GFM —Government Furnished Material
GME —Graduate Medical Education
GPC —Government Purchase Card (GPC)
GSA —General Services Administration
GSD —General Support Division, SMAG-R, AF WCF
GSU —Geographically Separated Unit
HAC —House Appropriations Committee
HCA —Humanitarian Assistance and Civic Assistance
HHG —Household Goods
ICS —Interim Contractor Support
IDEA —Innovative Development Through Employee Awareness
IMET —International Military Education and Training
IOT&E —Initial Operational Test and Evaluation
IP —Information Processing
IPE —Information Processing Equipment
ITE —Information Technology Equipment
ISSA —Interservice Support Agreement
JCS —Joint Chiefs of Staff
JTR —Joint Travel Regulation

LAN —Local Area Network

MAJCOM —Major Command

MACOM —Major Army Command

MAP —Military Assistance Program

MARS —Military Affiliate Radio System

MCP —Military Construction Program

MDD —Medical Dental Division,

MTF —Medical Treatment Facility

MFH —Military Family Housing

MFP —Major Force Program

MILCON —Military Construction

MILPERS —Military Personnel

MIPR —Military Interdepartmental Purchase Request

MLO —Master Layout

MOU —Memorandum of Understanding

MRTFB —Major Range and Test Facility Bases

MSC —Military Sealift Command

MSD —Material Support Division, SMAG, AF WCF [replaced with Consolidated Sustainment Activity Group – Supply Division (CSAG-Supply)]

MTT —Mobile Training Team

MWR —Morale, Welfare, And Recreation

NAF —Nonappropriated Funds

NAFI —Nonappropriated Fund Instrumentality

NATO —North Atlantic Treaty Organization

NDAA —National Defense Authorization Act

NGB —National Guard Bureau

NMA —Non-Medical Attendants

NOR —Net Operating Result

NTTR —Nevada Test and Training Range

O&M —Operation And Maintenance

OA —Operational Assessment

OAC —Operating Agency Code

OARS —Obligation Adjustment Reporting System

OCONUS —Outside the Continental United States
OB —Operating Budget
OBA —Operating Budget Authority
OBAD —Operating Budget Authority Document
OBAN —Operating Budget Account Number
OMB —Office of Management and Budget
OSD —Office of the Secretary of Defense
OT&E —Operational Test and Evaluation
OTA —Operational Test Agency
OUE —Operational Utility Evaluation
PACAF —Pacific Air Forces
PADD —Person Authorized to Direct Disposition
PAT&E —Production Acceptance Test and Evaluation
PBRC —Personnel Budget Review Committee
PCM —Primary Care Manager
PCS —Permanent Change of Station
PE —Program Element
PEC —Program Element Code
PECI —Productivity Enhancing Capital Investment
PFMR —Project Funds Management Record
PKO —Peacekeeping Operations
POL —Petroleum, Oils, And Lubricants
POV —Privately Owned Vehicle
PCO —Procuring Contracting Officer
QOT&E —Qualification Operational Test and Evaluation
QRP — Qualified Recycling Program
R&D —Research and Development
RAO —Retiree Activities Office
RC/CC —Responsibility Center/Cost Center
RCS —Report Control Symbol
RDT&E —Research, Development, Test, and Evaluation
ROTC —Reserve Officer Training Corps

RPIE —Real Property Installed Equipment
SAAM —Special Assignment Airlift Mission
SAC —Senate Appropriations Committee
SAF —Secretary of the Air Force (also SECAF)
SC —Sales Code
SDDC — Surface Deployment and Distribution Command
SDT —Second Destination Transportation
S&I —Survey and Investigation
TDY —Temporary Duty
TMA —TRICARE Management Activity
TMO —Traffic Management Office(r)
TR —Transportation Request
TWCF —Transportation Working Capital fund
UOO —Undelivered Orders Outstanding
UPH —Unoccupied Personnel Housing
USAFA —United States Air Force Academy
USAFE —United States Air Forces Europe
USAFR —United States Air Force Reserve
USCENTCOM —United States Central Command
USEUCOM —United States European Command
USSOCOM —United States Special Operations Command
USSTRATCOM —United States Strategic Command
UTC —Unit Type Codes
UTTR —Utah Test and Training Range
VE —Value Engineering
VECP —Value Engineering Change Proposals
VEP —Value Engineering Proposals
WCF —Working Capital Fund
WIMS —Work Information Management System
WRM —War Reserve Materiel

Terms

Accessorial Costs —Certain expenses (for example, packing, crating, and second destination transportation) incident to issues, sales, or transfers of material.

Accounts Receivable —An amount due from a customer for goods delivered or services performed. Uncollected deliveries represent Accounts Receivable whether billed or not.

Accounts Receivable Sales Code —A two-digit code that identifies the appropriation, fund, governmental department or agency, or other source from which reimbursement is received or anticipated [see the FM Data Quality Service (DQS)].

Administrative Costs —Administrative and overhead expenses (for use of the Department of Defense (DoD) logistics system) incident to issue, sale, or transfer of materials, supplies, and equipment to authorized personnel, and public or private organizations outside the United States Government.

Advance EOQ Procurement (Multiyear Procurements) —An exception to the full funding policy that allows the use of expanded advance procurement in conjunction with a multiyear contract to purchase more than one fiscal year's program increment of components, materiel, and parts in order to obtain the economic advantages of multiyear procurement.

Advance Procurement (Long Leadtime Items) —An exception to the full funding policy that allows procurement of long leadtime components, materiel, parts, and effort in a fiscal year before that in which the related end item is to be procured.

Aircraft Structural Integrity Program (ASIP) —A program applied to an aircraft system to improve design, diagnose possible structure failures, give a basis for corrective action, and predict operational life expectancy of the weapon system.

Apportionment —A distribution by the Office of Management and Budget (OMB) of amounts available for obligation in appropriation or fund accounts of the executive branch. The distribution makes amounts available on the basis of time periods (usually quarterly), programs, activities, projects, objects, or combinations thereof. The apportionment system is intended to achieve an effective and orderly use of funds. The amounts so apportioned limit the obligations that may be incurred

Cancellation —A procedure unique to multiyear contracts that involves the unilateral right of the government to discontinue contract performance for subsequent fiscal years' quantities of items. Cancellation is effective only upon the failure of the government to fund successive fiscal year quantities under a multiyear contract.

Cancellation Ceiling —The maximum amount the government will pay the contractor as a result of cancellation. This amount reflects the incurred costs that the contractor would have recovered as a part of the unit price of subsequent fiscal years canceled items. The amount paid to the contractor upon settlement for unrecovered costs (which can only be equal to or less than the ceiling) is referred to as the cancellation charge.

Centrally Managed Item —An item of materiel subject to inventory control point (wholesale level) management.

Centralized Item Management and Asset Control —The management in the central supply system or a DoD-wide/Service-wide acquisition and control system in which the manager has the

authority for management and procurement of items of equipment. This includes such functions as requirements determination, distribution management, procurement direction, configuration control and disposal direction. Asset control includes the authority to monitor equipment availability and take such actions as necessary to restock to approved stockage levels.

Certified Accounts Receivable —Validated filled customer orders, billed or unbilled, for which collections have not been received as of 30 September and as reported in the fiscal year-end certified reports (see DFAS-DE 7220.1-R.)

Certified Unfilled Customer Orders —Unfilled customer orders validated and reported in the fiscal year-end certified reports as firm requirements for which reimbursable obligations have been recorded against the selling appropriation (see DFAS-DE 7220.1-R.)

Closed or canceled appropriation —An appropriation which is no longer available for adjustments or payments. Appropriations are closed or canceled at the end of the five-year expired period.

Computers: General Purpose Information Processing Equipment (IPE) —This includes computer and word processing resources acquired and managed per AFPDs 33-1 and 63-1 and their implementing instructions and the Air Force supplement to DoD Instruction 5000.02, *Operation of the Defense Acquisition System*.

Computers: Information Technology Equipment (ITE) —Information technology (IT) components and the equipment systems created from them, regardless of use, size, capacity, or price, which are designed to be applied to the solution or processing of a variety of problems or applications, but which were not specifically designed or configured for any specific application.

Computers: Weapon Support Systems Embedded Computers —Embedded computers are those integral to weapon systems, intelligence systems, command and control systems, communication systems, and other support systems and facilities, such as automatic test equipment, simulators and other training devices, etc. This includes computer resources acquired and managed per acquisition instructions. These computers are integral to and in direct support of a major system or a less-than-major system.

Computer: Related Equipment —This includes computer resources not appropriate for acquisition and management under the guidance listed in paragraph 4.8. Note: this includes systems or items of equipment that contain, or depend on a computer device for their operation and do not fall under the acquisition or command, control, communications and computer series of instructions for acquisition and management control. Such computers are normally not very complex and are therefore considered as an integrated feature of the equipment item. Some examples are materiel handling equipment, lathes and depot and industrial plant equipment (commercial type machinery), and other off-the-shelf items of shop equipment normally used in a depot or industrial plant environment.

Computer: Software —The programs, routines, and associated documentation used to extend or realize the capability of ITE. There are two types of software: basic software and applications software.

Computers: —Basic Software (nonfunctional)—Basic software comprises those routines and programs designed to extend or facilitate particular ITE, taking into account the design characteristics of such equipment. This software is usually provided by the original equipment

manufacturer (OEM) and is normally essential to, and a part of, the system configuration furnished by the OEM. Examples of basic software are executive and operating programs; diagnostic programs; compilers; assemblers; utility routines, such as sort-merge and input/output conversion routines; file management programs; and information management programs. Information management programs are commonly linked to, or under the control of, the executive or operating programs.

Computers: Applications Software (functional) —Applications software are those routines and programs designed by or for ITE users to accomplish specific, mission-oriented tasks, jobs, or functions using the ITE and basic software available. Applications software may be either general/common purpose packages, such as demand-deposit accounting, payroll, machine tool control, etc.; or specific application programs tailored to accomplish a single or a limited number of user functions, such as base level personnel, depot maintenance, missile or satellite tracking, etc. Except for packages acquired directly from software vendors or from the OEM, the user generally develops this type of software with in-house resources or through contract services.

Computers: Software Maintenance —Efforts associated with eliminating faults in software to ensure that an information system (IS) or application is in a satisfactory working condition.

Computers: Software Changes —Efforts associated with revision or alteration of an existing IS or application to support the changes in design specification required by the functional manager and higher authority. It encompasses changing programs, reformatting, and documentation thereof. Software conversions are funded as software changes.

Configuration Item (CI) —An aggregation of hardware and software, or any of its discrete portions, which satisfies an end use and is designated by the Air Force for configuration management (for example, aircraft, missiles, support equipment, trainers, etc.).

Consolidated Contracts or Consolidated Project Orders —Contracts or orders that include requirements for two or more ordering agencies without separate identification of the items being procured for, or citation of funds of, each ordering agency--the only citation of funds is that for funds of the procuring agency.

Contingency Operations Costs —These are the incremental costs that would not be incurred if the contingency operation were not being carried out (See DoD FMR 7000.14-R, Volume 12, Chapter 23).

Continuing Resolution Authority (CRA) —Budget authority resulting from legislation introduced as a joint resolution and enacted by the Congress to provide authority for federal agencies to continue operations until a specified date or until the regular appropriations are enacted. The Continuing Resolution usually specifies a maximum rate at which obligations may be incurred based on the rate of the prior year, the President's Budget Request, or an appropriation bill passed by either or both Houses of the Congress. Obligations under Continuing Resolution Authority are usually controlled by apportionment. There is no "standard" CRA language. Each CRA enacted must be carefully read for the specific provisions pertaining to the particular fiscal year being addressed.

Contract Change —A change to a contract which requires the contractor to perform additional work. Contract changes do not include adjustments to pay claims, increases under escalation costs or corrections for administrative or accounting errors.

Contractor Logistic Support (CLS) —CLS is a method of contract support for a program, system, equipment or item, to provide all or part of the sustainment elements in direct support of the approved sustainment strategy. It may include work managed and or accomplished by the government. CLS becomes the sustainment methodology after the Source of Repair Assignment Process (SORAP), which is used to determine if the permanent source for accomplishment of a depot level maintenance workload generated by operational equipment will be contract or organic.

Current or currently available appropriations —An appropriation which is available for new obligations and has not entered expired status. This includes all unexpired appropriations for multi-year accounts.

Customer —When used in connection with reimbursable programs, refers to: —Another appropriation or fund within the same agency. —Other government departments and agencies. —Non-federal activities, including foreign governments —Individuals or corporations that (by law or regulation) may be furnished materiel or services before reimbursement to Air Force appropriations. —When specifically authorized, another activity funded under the same appropriation as the supplying activity in the case of intraappropriation reimbursements.

Customer Account —Funding authority, in addition to financing direct Air Force requirements, specifically identified for procurement of materiel or services to support customer orders received. The term "procurement other than Air Force" identifies budget programs within the procurement appropriations. In other appropriations separately identify "Direct Air Force" and "Reimbursable".

Customer Programs —Firm, authorized agreements or orders received and accepted by Air Force to furnish equipment, supplies, and services on a reimbursable basis. Customer programs may originate at higher headquarters (for example, Grant Aid program and FMS), or at another agency (for example, National Aeronautics and Space Administration (NASA), Federal Aviation Administration (FAA), and Coast Guard). Customer programs may also originate at installation level through tenancy agreements or by receiving a customer order direct from a customer agency.

Acquisition —The procurement or ownership of real property by any means, such as fee purchase, donation, easement, license, or permit, exclusive of lease agreements.

Addition-Expansion-Extension —A physical increase to a real property facility that adds to the overall external dimensions of the facility.

Construction —Erecting, installing, or assembling a new facility; adding, expanding, extending, altering, converting, or replacing an existing facility; or relocating an existing facility. This includes real property installed equipment (RPIE) installed and made a part of such facilities, and related site preparation (excavation, filling, landscaping, or other land improvements).

Conversion —The work required to adjust interior arrangements or other physical characteristics of a facility so it may be effectively adapted for a new designated purpose. Work necessary for conversion is properly classified as construction.

Defense Working Capital Fund (DWCF) Minor Construction —See [Chapter 18](#).

Deferral of Budget Authority —An action or inaction by any officer or employee of the United States that withholds, delays, or effectively precludes the obligation or expenditure of budgetary

resources, including the establishment of reserves under the Antideficiency Act, as amended by the Impoundment and Control Act. Section 1013 of the Impoundment Control Act of 1974 requires a special message from the President to the Congress reporting a proposed deferral of budget authority. Deferrals may not extend beyond the end of the fiscal year in which the message reporting the deferral is transmitted and may be overturned by the passage of an impoundment resolution by either House of Congress.

Development Engineering —Development engineering includes the engineering effort required to define, develop, optimize, design, integrate, test, evaluate, and verify a new weapon system, equipment, modification, or other product prior to production. Also applicable to extensive redesign and requalification of an existing item or system (including embedded ADP systems, both hardware and software). Development engineering effort should be focused on the achievement or improvement of the product's performance as defined by the operational requirements process (see AFI 10-601). Performance requirements include the range of operational, technical, and support requirements specified in the most current requirements document (e.g., MENS, SORD, RCM, etc.) provided by the operational command. These performance requirements include the full range of validated operational requirements, e.g., speed, range, payload, reliability, maintainability, cost, etc. across the weapon system's life cycle as specified in the appropriate requirements document. It is intended to result in the attainment of a qualified operational configuration baseline before production of the equipment, system or modification kits.

Direct Air Force Obligation Authority —Authority to incur obligations and expenses for operating facilities, purchasing of materiel, etc., in direct support of unit missions and for which reimbursement is not received.

Effort —The costs associated with the further processing of components, parts, and materiel or the preparations for such processing, as related to advance procurement.

FACILITIES SUSTAINMENT, RESTORATION, AND MODERNIZATION PROGRAM
—(formerly called Real Property Maintenance) (DoD FMR 7000.14-R, Volume 2B, Chapter 8)

Sustainment —This category of work provides resources for annual maintenance and scheduled repair activities to maintain the inventory of real property assets through its expected life. It includes regularly scheduled adjustments and inspections, preventative maintenance tasks, and emergency response and service calls for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the facility life cycle. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar type work. Not included is the repair or replacement of non-attached equipment or furniture or building components that typically last more than 50 years (such as foundations and structural members). Sustainment does not include restoration, modernization, environmental compliance, historical preservation, or costs related to unexpected events, which are funded elsewhere. (For further information, see AFI 32-1032).

Restoration —includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster (storm damage), fire, accident, or other causes.

Modernization —includes the alteration of facilities solely to implement new or higher standards (including regulatory changes), to accommodate new functions, or to replace building

components that typically last more than 50 years (such as the foundations and structural members). (For more information, see AFI 32-1032).

Facility —A real property entity consisting of one or more of the following: a building, a structure, a utility system, pavement, and underlying land. (For Air Force, it also includes runways, taxiways, aprons, towers, docks, structural or installed training aids).

Funded and Unfunded Costs —See AFI 32-1021, Atch 1, *Terms* and paragraphs [9.14.3](#) and [9.15.1](#) of this AFI.

Major Construction Program —All construction projects for the active and air reserve forces costing more than \$750,000, except those funded under the unspecified minor construction authority or from appropriations other than Military Construction (MILCON) 3300 appropriation. AFI 32-1021 establishes the procedures for identifying real property facility requirements.

Maintenance —The recurring, day-to-day, periodic, or scheduled work required to preserve a real property facility so it may be effectively used for its designated purpose. Includes work required to restore components which have deteriorated from fair wear and tear, and other work on a facility to prevent damage or deterioration to that facility which otherwise would be more costly to restore. Maintenance is chargeable to O&M type funds.

Medical Operated Food Service Activity —An activity operated independently by the medical facility for preparing and serving food to patients, and other personnel authorized to subsist in the medical facility.

Medical Treatment Facility —A facility established for the purpose of furnishing medical and/or dental care to eligible individuals.

Minor Construction —Projects whose funded cost is \$750,000 or less. Minor construction projects are authorized by 10 U.S.C. 2805. Minor construction projects are military construction projects for a single undertaking that have an approved cost equal to or less than \$2.0 million. Minor construction projects costing \$750,000 or less are authorized to be funded from the operation and maintenance-type funds. This limit is statutory and cannot be exceeded. See AFI 32-1032.

Overhead —Includes personnel services and related expenses (such as travel, transportation, printing and binding, rents and utilities, contractual services, supplies, and materiel) used to perform the following: project management and administration; inspection and supervision of construction; and direct administrative support of these two categories.

Planning —Personnel services and related expenses (such as travel, transportation, printing and binding, rents and utilities, contractual services, supplies, and materiel) used by the design or construction agency to perform the tasks listed in paragraphs [9.13](#)

Project —A single undertaking that applies to one real property facility which includes land acquisition, site preparation, construction work, and items of real property installed equipment necessary to produce a complete and usable real property facility or improve a real property facility. When the land is required exclusively for one construction project and does not exceed 30 percent of the cost of the project, its acquisition is part of the project; land acquisition is treated as a separate construction project if it exceeds 30 percent.

Real Property Facility —A separate individual building, structure or other real property, each item of which is subject to separate reporting under the DoD real property inventory.

Real Property Maintenance —(Obsolete Term. See above “Facility Sustainment, Restoration, and Modernization.”)

Real Property Services —Account for services such as fire protection or crash rescue, utility plant operations, purchased utilities, annual service contracts (e.g., refuse, custodial, elevator maintenance and inspection, overhead door repairs, etc.) snow removal, etc.

Relocatable Building —A building designed to be readily moved (including trailers), erected, disassembled, stored, and reused. All types of buildings or building forms designed to provide relocatable capabilities are included in this definition. Excluded from this definition are building types and forms that are provided as an integral part of a mobile equipment item and that are incidental portions of such equipment components, such as communications vans or trailers.

Repair (Generic) —(See above “Facility Sustainment, Restoration, and Modernization”)—Repair is that work required for any facility (i.e., building, utility system, or other real property infrastructure) or facility component to restore its safe, effective, and economical support of assigned missions and organizations.

Replacement —Construction of a new facility to replace a real property facility that has been destroyed, damaged, or deteriorated beyond economical repair.

Research and Development (R&D) Facilities and Installation of R&D Equipment —RDT&E funds are chargeable for minor construction projects costing \$750,000 or less in support of R&D-funded activities or installations. See [Chapter 13](#) for further guidance and procedures. AFI 63-609 provides guidance and procedures on construction of government facilities for contractor use.

Single Undertaking —Consists of all the construction work needed to provide a complete and usable facility, or a complete and usable improvement to an existing facility. This term implies that the project will not only produce a complete and usable facility or improvement, but work necessary to attain that end has not been divided into two or more projects for the purpose of staying beneath approval levels or statutory limits.

Support Received from Sources Other Than the MILCON Program —Surplus materials, equipment, and basic structure components that are available from existing stock, transferred from other locations, or procured from funds other than a MILCON program. This includes donated labor, and other labor and construction equipment whose operating costs are paid from a different appropriation. These items must be identified in quantity and volume to reveal to Congress all costs associated with the requested project even though some of the costs are not included in the authorization or funds requested.

Unspecified Minor Construction (P-341) —Urgent, unforeseen construction projects, costing between \$750,000 and \$2,000,000 (\$300,000 to \$400,000 for the ANG/AFRC) that cannot wait for the next President’s Budget Submission. The authority is Title 10 U.S.C. 2805 and 2233a.

Activity —The lowest organization within the Component which is managed as a single entity, e.g., Ogden Air Logistic Complex.

Activity Groups —An aggregation of DWCF activities, within a Component (Army, Navy, Air Force, Defense Agency), that produces similar products and is under the management control of the same higher level organization and/or individual. *Air Force Activity Groups* include:

Consolidated Sustainment Activity Group —CSAG is comprised of two divisions: Maintenance Division (CSAG-Mx) and Supply Division (CSAG-Supply).

Consolidated Sustainment Activity Group —Maintenance Division (CSAG-Mx): The CSAG-Mx provides repair and other services to customers throughout the Air Force, as well as to other DoD components, U.S. Government agencies, and foreign governments. The CSAG-Mx repairs a wide range of customer assets, including aircraft, missiles, aircraft engines, and engine modules, landing gears, electronics, composites, and computer hardware and software. In addition, the CSAG-Mx centers are the primary suppliers of repair services to the Supply Management Activity Group (SMAG-R).

Consolidated Sustainment Activity Group–Supply Division (CSAG-Supply) —The CSAG-Supply provides policy, guidance, and resources to meet the needs of the Air Force for spare parts, in war and peace. The CSAG-Supply manages weapons system spare parts, fuels, equipment, and items used for non-weapon system applications.

Supply Management Activity Group —Retail (SMAG-R)—The SMAG-R is comprised of three divisions: General Support, Medical-Dental, and the United States Air Force Academy. Within these divisions, the SMAG-R manages weapons system spare parts, fuels, medical/dental supplies and equipment, and items used for non-weapon system applications. Material is procured from vendors and held in inventory for sale to authorized customers.

Capital Assets —Depreciable equipment acquired at a specific point in time for a determinable cost of \$250,000 or more which is to be used over some period (useful life), the length of which is estimated to be 2 years or greater and generally, becomes economically worthless (except for salvage value) at the end of the estimated useful life. The capital investment threshold for Minor Construction projects is \$100,000. The capitalization thresholds differ from the depreciation thresholds. The depreciation threshold is \$100,000 for Automated Data Processing Equipment (ADPE) (hardware and software) and non-ADPE equipment. The depreciation threshold for Minor Construction is \$20,000.

Common Costs —Costs incurred by multiple business areas or activities, which are payable to a single entity external to the DWCF. Examples are Military Personnel or General Service Administration costs.

Corporate Level —The summary of all business areas within a Component.

Cost Goal —The cost, measured at year-end, which may be incurred in the production of a unit of output.

Transportation Working Capital Funds (TWCF) —USTRANSCOM TWCF transferred from Defense Logistics Agency (DLA) Defense-Wide Working Capital Fund responsibility to the Air Force in FY98. USTRANSCOM provides air, land, and sea transportation for the DoD, both in time of peace and war. As a unified command, USTRANSCOM exercises combatant command and peacetime management over the common-user aspects of the global mobility network and executes this responsibility via its Transportation Component Commands (TCC) – Air Mobility

Command (AMC), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (MSDDC), and Defense Courier Service (DSC).

Unit of Output —A single product or measurable service produced as defined in each business area.

Performance Goals —Requirements established to measure an activity's mission accomplishment.

DISASTER: DOMESTIC EMERGENCIES —Emergencies affecting the public welfare and occurring, within the 50 States, District of Columbia, Commonwealth of Puerto Rico, US possessions and territories, or any political subdivision thereof, as a result of enemy attack, insurrection, civil disturbance, earthquake, fire, flood, or other public disasters or equivalent emergencies that endanger life and property or disrupt the usual process of government. The term domestic emergency includes any or all of the emergency conditions defined below:

Civil Defense Emergency —A domestic emergency situation resulting from devastation created by an enemy attack and requiring emergency operations during and following that attack. It may be proclaimed by appropriate authority in anticipation of an attack.

Civil Disturbances —Riots, acts of violence, insurrections, unlawful obstructions or assemblages, or other disorders prejudicial to public law and order. The term civil disturbance includes all domestic conditions requiring or likely to require the use of Federal Armed Forces pursuant to the provisions of Chapter 15 of Title 10, United States Code.

Major Disaster —Any flood, fire, hurricane, tornado, earthquake, or other catastrophe which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government under Public Law 606, 91st Congress (42 United States Code 58) to supplement the efforts and available resources of state and local governments in alleviating the damage, hardship, or suffering caused thereby.

Natural Disaster —All domestic emergencies except those created as a result of enemy attack or civil disturbance.

Imminent Emergency —Any emergency in which it would be dangerous to await instructions from higher authority before taking action. However, installations request instructions for continuing action through command channels by the most expeditious means of communication available.

Economic Order Quantity (EOQ) —That quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs required to order and hold inventory. When used in connection with multiyear procurement EOQs, the procurement of materiel for future-year production quantities of items that is not required by procurement leadtimes but is desirable for economic reasons.

Economy Act Orders (31 U.S.C. 1535) —DoD activities may place requests (orders) for materials, work, or services with another DoD component or another federal government agency under the *Economy Act*. 31 U.S.C. 1535 requires that obligations recorded against such orders on the books of the ordering agency be reduced at the end of the period for which the appropriation is authorized for obligation, to the extent that the agency ordered upon has not incurred obligations under that order (see DFAS-DE 7000.4-R). This statutory restriction applies only to

Economy Act orders. Since MIPRs are issued under the *Economy Act*, the deobligation requirement applies.

Engineering Change —An alteration in the configuration of a CI (including software) after formal establishment of its operational configuration baseline.

Expired appropriation —An appropriation which is no longer available for new obligations but has not been canceled. Title 31, U.S.C. extended the expired period from 2 to 5 years. During the expired period, an appropriation retains its original identification (agency prefix, fiscal year integrity, and symbol) and is available for adjusting and liquidating obligations, including within-scope contract changes.

Full Funding —Funds are planned, programmed and budgeted for the total estimated cost to deliver and install a complete end item. At the time of contract award, funds are available to cover the total estimated cost to deliver the contract quantity of complete, militarily usable items. The funds in each fiscal year appropriation request must buy complete, military usable end items. The contract is not fully funded if a future-year appropriation is required for delivery of some components of the end item. (NOTE: Installation funding for procurement appropriation modifications can be budgeted in the year the installation is to be accomplished.)

Funding Distribution —The process of issuing and limiting authority to incur obligations and make expenditures. An administrative action, usually within the chain of command, accomplished within appropriations made by Congress and apportionment limitations established by OMB (for example, allocation and allotment).

Host —A unit or activity that has management control of facilities, and provides services or facilities to another unit or activity (tenant). Within the Air Force, the Air Force MAJCOM that has jurisdiction over the installation and other real property (including use rights such as leases, permits, easements, and licenses). Also, the host may be the organization which has been designated by the MAJCOM, or by HQ USAF as a supplier (reference AFI 25-201), to furnish tenant support.

Gross Additional Costs —Costs incurred due to the presence of the tenant which are in excess of costs of accomplishing the mission of the host.

Incremental Direct Cost —The cost of resources directly consumed to perform an individual activity that would not have been consumed if the individual activity were not performed. A cost that is specifically identified with a single cost object.

Joint Use —Concurrent use of host facilities and equipment by both host and tenant, as required by the mission of each user.

Net Additional Costs —The gross additional costs of services furnished less the value of resources provided by the tenant.

Off-base Facility —A government-owned-or-operated Air Force facility or site under the jurisdiction of other than the host command. Includes geographically separated units (reference AFI 25-201).

On-base Facility —A government-owned or-operated Air Force installation or facility under the jurisdiction of the host. This includes buildings that are leased, rented, or provided by the General Services Administration (GSA).

Ordering Agency or Activity —Any military department or subdivision thereof that places orders for delivery from stock, manufacture, procurement of materiel, or performance of services.

Procuring or Performing Agency or Activity —Any agency or activity (military, United States Government, or foreign government) that receives, accepts, or fulfills orders from another agency or activity (military, United States Government, or foreign government) for delivery from stock, manufacture, procurement of materiel, or performance of services.

Services —Includes services rendered such as communications, utilities, maintenance of facilities, and other functions performed for the tenant by the host. Excludes supplies and materials issued directly to the tenant to perform the tenant's mission.

Interservice, Interdepartmental, and Interagency —A unit or activity of one department, agency or command that occupies the facilities of, or receives support from, another department, agency or command, usually on a continuing basis (see DoDI 4000.19).

Intraservice —An Air Force, Air Force Reserve, or Air National Guard unit or activity that occupies the facilities of, or receives support from, another Air Force, Air Force Reserve, or Air National Guard unit.

Contractor —An authorized Air Force contractor that occupies the facilities of, or receives support from, another Air Force, Air Force Reserve, or Air National Guard unit.

Instant Contract —Denotes the contract under which a Value Engineering Change Proposal (VECP) is accepted by the Air Force.

Interim Contractor Support (ICS) —This is a cost-effective logistics support alternative for a system or high cost modification. It allows the Air Force to defer investment in all or part of the support resources such as spares, technical data, support equipment, and training equipment. Contractor support is used while Air Force capability is being phased in. ICS provides services, for the specified period of time requested in the President's Budget, after the first production system or equipment, or modified item, is delivered to the using command but before its major commitment in the War and Mobilization Plan (WMP). However, ICS may provide depot support for a longer period if such an extension is necessary and validated through review, analysis, and experience and justified in the President's Budget.

Item in Production —An item is considered to be in production if it had production funding in the budget for the year in question.

Maintenance —The routine, recurring work necessary to keep an end item of equipment or configuration item at its current or intended operation capability or designed performance.

Maintenance Engineering —Includes the engineering effort required to review, assess, define, and resolve technical or supportability deficiencies revealed in operational service. Maintenance engineering efforts include such tasks as accident/incident/mishap investigation, analysis of deficiency reports, identification/analysis of degraded reliability or supportability trends, etc. Maintenance engineering includes all engineering effort required to define the problem, and identify the necessary corrective action.

Maintenance, Intermediate —Maintenance authorized and performed by designated maintenance activities having special personnel, equipment, and facilities and performing work beyond the capability of organizational maintenance. It includes metal processing, structural

repair, corrosion control, accessory repair, engine removal and installation, inspection, etc. (See AFI 21-101) (Not applicable to Air Logistic Complexes).

Maintenance, Organizational —Maintenance that is the responsibility of and performed by a using organization on its assigned equipment. This maintenance usually includes inspecting, servicing, lubricating, adjusting, and replacing parts, minor assemblies, and subassemblies.

Major Procurement Appropriations —Includes the aircraft, missile, and munitions.

Modification —The alteration, conversion, or modernization of an end item of equipment or configuration item that changes or improves the operational capability in relation to safety, effectiveness, or efficiency.

Modification Engineering —Effort required to accomplish integration or installation of Group B items (including software) which have been previously developed and tested, or which have been commercially used in the same configuration in a similar environment. Effort includes "difference engineering" required to bring a previously developed item to a production configuration.

Modification Group A Kit —The items, parts or components (including software) to be permanently or temporarily installed in a CI to support, secure, interconnect, or accommodate the equipment in a Group B kit.

Modification Group B Kit —The items (including software) which complete a modification when installed in the CI. Normally, Group B items are readily removable.

Multiyear Contract —A contract covering current and future-year procurement quantities of items but not more than 5 years' procurement quantities as reflected in the FYDP. Each program year is budgeted and funded annually. At the time of award, funds need only to have been appropriated for the first year.

Multiyear Procurement —A generic term describing the process, planning, and contract under which the government will commit to procurement of the current year procurement quantity of items and future quantities as reflected in the FYDP. It does not apply to advance procurement of long leadtime items.

Nonrecurring Costs —Those production costs generally incurred on a one-time basis including costs such as: plant or equipment relocation; plant rearrangement; special tooling and special test equipment; preproduction engineering; initial spoilage and rework; pilot runs; allocable portions of the costs of facilities to be acquired or established for the conduct of the work; costs incurred for the assembly, training, and transportation of a specialized work force to and from the job site; and unrealized labor learning.

Unrecorded obligations —Obligations which have occurred and are documented; however, through oversight were not recorded in the official Air Force accounting and finance records.

Upward obligation adjustment or upward adjustment —An obligation increase in the originally recorded obligation which occurs after the period of availability for new obligations. These adjustments include claims, award and incentive fees, correction of administrative errors, correction of accounting errors, price inflation adjustments (economic or escalation price adjustments), foreign currency fluctuation charges, and others.

Operational Configuration Baseline —That configuration baseline which is defined or specified at the start of full-scale development (in terms of performance, reliability, supportability, etc.), and against which the test items or prototype is tested and qualified. Once the developed items or kit has been tested and accepted for production, the baseline is normally "frozen" until completion of the modification program.

Orders for Procurement by Another DoD Component (10 U.S.C. 2308, 2309) —DoD activities may place these requests (MIPRs or other authorized purchase requests) for materials, supplies, or equipment with another DoD component having single service procurement assignment or procurement responsibilities, according to an agreement authorized under the Defense Acquisition Regulation Supplement, Part 208.

Precious Metal Recovery Program (PMRP) —DLA is the DoD single manager for the PMRP. The program promotes economical recovery of precious metal from all sources, and provides the reclaimed metals, as needed, to DoD components at recovery cost for use as government-furnished material (GFM) in support of defense contracts.

Printing —The process of composition, platemaking, presswork, and binding; also, the product of printing and duplication equipment.

Production Engineering —Production engineering includes the engineering effort required to plan, design, and develop the tooling, materials, quality assurance, and manufacturing procedures necessary to achieve a cost effective, producible production article. Production engineering also includes configuration management as well as the review, evaluation, and resolution of test or service revealed production baseline technical and support deficiencies.

Project Orders (41 U.S.C. 23) —Project orders (AF Form 185) are requests for the manufacture of materials, supplies, and equipment or other work or services placed with and accepted by a Government-owned and operated establishment that meets the criteria in DoD FMR 7000.14-R, Volume 11A, Chapter 2. As stated in DoD FMR 7000.14-R, if the project order form is not available, the ordering activities may use the Military Interdepartmental Purchase Request (MIPR) form (DD Form 448) as a project order form provided it contains the following specific statement: "This order is placed in accordance with the provisions of 41 U.S.C. 23 and DoD FMR 7000.14-R, Volume 11A, Chapter 2." Comptroller General (CompGen) Decision B-246773 restricts the use of project orders to transactions within the Department of Defense. Transactions between DoD components and other government agencies outside of DoD are governed by the Economy Act (31 U.S.C. 1535).

Recurring Costs —Production costs that vary with the quantity being produced, such as labor and materials.

Anticipated Reimbursement —The dollar amount of reimbursement estimated to be realized during the life of the appropriation. On Command reimbursement reports, anticipated reimbursements received apply to each fiscal or program year.

Centrally Administered Reimbursement Program —Reimbursable customer orders administered by an Air Force designated command or operating agency for which goods or services are provided (all or in part) by other commands or operating agencies. Under this program, the designated command or operating agency centrally records and collects accounts receivable for the goods or services provided by other commands or operating agencies. The appropriation manager issues the reimbursable obligation authority for centrally administered

reimbursable customer orders to the command or operating activity that administers the reimbursable program. The appropriation manager issues an offsetting amount of direct obligation authority to the commands that provide the goods or services to enable them to finance the cost of the goods or services.

Centrally Collected Reimbursements —Reimbursement transactions collected centrally by a designated operating agency although the reimbursable order is received or earned at some other place.

Collected Reimbursements —Amounts received and recorded on a cumulative basis as payment for goods delivered or services furnished. This includes progress payments made to contractors for FMS operations that will be billed to DFAS-IN/JAX [DFAS Security Assistance Accounting (SAA)] as a basis for accounts receivable.

Earned or Filled Reimbursements —The amount of reimbursable goods delivered or services furnished (billed or unbilled, collected or uncollected), including progress payments made to contractors for FMS operations which are billed to DFAS-IN/JAX [DFAS Security Assistance Accounting (SAA)] as a basis for accounts receivable.

Intraappropriation or Intrafund Reimbursement —A reimbursable transaction where the buying and the selling appropriation are identical as to symbol and fiscal year, but the Operating Agency Code (OAC) may be different or the same. SAF/FMBM must specifically authorize the treatment of such transactions as reimbursements.

Reimbursable Obligation —An obligation incurred solely to support a reimbursable program.

Reimbursable Program —Requirements levied on Air Force agencies for which reimbursement will be received based on reported delivery.

Reimbursements Realized —Firm authorized agreements or orders received and accepted that have been recorded in accounting records of the supplying or performing agency.

Reimbursement Schedules —Schedules that identify the anticipated customer orders to be received, by accounts receivable sales code. These schedules show the anticipated reimbursements included in the funds provided in budget authorizations.

Replacement —Sale of an item that requires replacement to compensate DoD inventories for the resultant loss of capability or readiness. However, because of a number of circumstances, the replacement item may not be identical to the item sold. It must, however, be a later series or "mod" designation of the same basic model or an acceptable substitute item used against the same inventory objective or authorized acquisition objective in requirements computations. In this situation, the reimbursement from the sale will be included under reimbursable financing, but the buy-back of the replacement item must be shown under the direct budget plan.

Replacement-in-Kind —Sale of an item of materiel that requires replacement with an item of the identical type, model, and series or "mod" designation. In this situation, the reimbursement from the sale must be included in reimbursable financing at the time of buy-back of the item. This transaction will not show in the direct budget plan.

Reproducible Copy —A copy, negative, paper master or any other media, such as sound track and film from which technical data are reproduced as printed film or sound track.

Reprogramming —Utilization of funds in an appropriation account for purposes other than those contemplated at the time of appropriation. Above threshold reprogrammings and those reprogrammings which involve general transfer authority require consolidation (Omnibus Reprogramming Request) and approval of the appropriate congressional committees. The Omnibus Reprogramming Request is normally submitted to OSD in the May-June timeframe.

Rescission —The consequence of enacted legislation which cancels budgetary resources previously provided by the Congress prior to the time when the authority would otherwise lapse. Section 1012 of the *Impoundment Control Act of 1974* requires a special message from the President to the Congress reporting any proposed rescission of budgetary resources. These proposals may be accepted in whole or in part through the passage of a rescission bill by both Houses of the Congress.

Sales from Inventory —Items furnished from existing Air Force inventory for which reimbursement from the customer is received and concurrent replacement to the inventory is not required. For FMS, these proceeds are treated as free assets with deposit to miscellaneous receipts account.

Servicing —The act or occupation of performing work or meeting a general demand.

Common-servicing —That function performed by one Military Service in support of another Military Service for which reimbursement is not required from the Service receiving support.

Cross-servicing —That function performed by one Military Service in support of another Military Service for which reimbursement is required from the Service receiving support:

Category one (reimbursable) —includes all transactions performed on a reimbursable basis upon the delivery, performance, or acceptance of an order. Included are: —All requests, requisitions, or orders for delivery from stock. —All requests, requisitions, or orders filled, directly for the ordering agency by production in, or services rendered by, an activity of the procuring or performing department, whether the activity is financed by appropriations, working capital funds, or otherwise. Accomplish project orders issued to a DoD agency only on a reimbursable basis. (Do not issue project orders to any activity that is responsible for furnishing the required materiel or services without reimbursement.) —All requests, requisitions, or orders for supplies, and equipment to be obtained under coordinated procurement by consolidated contracts or project orders issued by the procuring or performing activity on government-owned establishments.

Category two (direct cite) —includes all requests, requisitions or orders for supplies, equipment, or services for accomplishment by separate contracts in behalf of the ordering agency, or by combined contracts with separate delivery schedules by contract item for each ordering agency, and citation of their funds relating to each schedule.

Software —A set of computer programs, procedures, and associated documentation concerned with the operation of a data processing system, e.g., compilers, library routines, manuals, and circuit diagrams.

Space Launch Services —Space launch services include organic and contract efforts such as prelaunch checkout, launch operations, engineering analyses, and support (including deficiency analyses), supply support, storage maintenance, depot-level maintenance, and other logistic and technical services normally required to support the launch of expendable launch vehicles and the

Space Shuttle. Also included are Shuttle user charges (orbiter flight charges), which are specified by interagency agreement between DoD and NASA.

Supplemental Appropriation —An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until enactment of the next regular appropriation act.

Support —Facilities, materiel, or services provided by the host to a tenant.

Interservice Support —Performed by a component organization by one Military Service or element thereof to provide logistic and/or administrative support to another Military Service or element thereof. Such action can be recurring or nonrecurring in character on an installation, area, or worldwide basis.

Interdepartmental Support —Performed by a component organization of the Air Force for another government agency or department outside the DoD.

Support Agreement —A host-tenant support agreement between Air Force units that is drawn up under AFI 25-201 and is recorded on DD Form 1144, *Support Agreement*.

System —Any organized assembly of resources and procedures united and regulated by interaction or interdependence to accomplish a set of specific functions.

Technical Data —A general term used when referring to any or all technical publications as a whole or separately, and without reference to any one specific type of publication, such as technical manuals, technical orders, composition, artwork, engineering data, engineering drawings, master layout (MLO) drawing, undimensioned drawings, specifications, parts list, automatic equipment program master tapes or cards, microfilm, printed copies, commercial manuals, film, sound tracks, or any other media used primarily for conveying technical information. The term technical data also applies to the reproducible copy from which multiple copies of technical data are reproduced.

Follow-on Technical Data Requirements —Requirements that occur after completing the acquisition phase, such as preparing automatic equipment program master tapes, cards, film, and sound tracks for out-of-production (in-service) equipment, and using Air Force-owned reproducible copy or reproducible master tapes for printing reproducing additional technical data for stock replenishment.

Initial Technical Data —The data in the form of multiple copies, film, sound tracks, and reproducible copy procured with the end item, equipment, or component thereof; revisions of such data as a result of or in connection with updating changes to production contracts; revision of technical data required in connection with the modification, or replacement program, revision of technical data in connection with operational maintenance contract; and new or changed data required by reprourement action.

Technical Order (TO) —Air Force publications that give specific technical directions and information regarding inspection, storage, operation, modification, and maintenance of Air Force equipment. The various types of technical orders include technical manuals (TM), time compliance technical orders (TCTO), methods and procedures technical orders (MPTO),

automation type technical orders (tapes and cards that are TO data in digital, magnetic, film, or sound form), index type TOs, and abbreviated TOs.

Telephone —Commercial "Unofficial" Telephone Service. This means telephone service where the subscriber receives network access and service directly from the telephone company.

Termination—*A procedure that may apply to any government contract, including multiyear contracts. Unlike cancellation, which is commonly effected between fiscal years and must apply to all subsequent fiscal years' quantities of items, termination may be effected at any time during the life of a contract and may apply to the total quantity or to a partial quantity of items.*

Termination Liability —The maximum cost the government would incur if a contract were terminated.

Termination Liability Funding—*A budgeting technique that would provide funds on a contract to cover the maximum value of outlays that could be incurred for work accomplished by the end of the budget year plus the maximum cost to the government associated with termination of the contract at the end of the budget year.*

Testing —The following terms are frequently used when discussing the financial aspects of T&E. A more detailed understanding of these terms and discussion of other T&E terms and applications can be found in AFI 99-103:

Developmental Test and Evaluation (DT&E) —Test and evaluation conducted to evaluate design approaches, validate analytical models, quantify contract technical performance and manufacturing quality, measure progress in system engineering design and development, minimize design risks, predict integrated system operational performance (effectiveness and suitability) in the intended environment, and identify system problems (or deficiencies) to allow for early and timely resolution. DT&E includes contractor testing and is conducted over the life of the system to support acquisition and sustainment efforts. (*Defense Acquisition Guidebook* and AFI 99-103).

Implementing Command —The command (usually AFMC or AFSPC) responsible for the acquisition or modification of a system, subsystem, or item of equipment and for managing DT&E, live fire test and evaluation (LFT&E), DT&E qualification tests, qualification test and evaluation (QT&E), and production acceptance test and evaluation (PAT&E).

Net-Additive Costs —The incremental increase in T&E costs incurred by a test program when additional T&E tasks are added. When used in reference to operational testing, net-additive costs are those that would not have been incurred if operational testing were not conducted.

Operational Testing —A generic term describing the test, evaluation, and assessment options and levels of effort available to an operational test organization (AFI 99-103).

Operational Test and Evaluation (OT&E) —1. The field test, under realistic combat conditions, of any item of (or key component of) weapons, equipment, or munitions for the purpose of determining the effectiveness and suitability of the weapons, equipment, or munitions for use in combat by typical military users; and the evaluation of the results of such test. (Title 10, Section 139(a)(2)). 2. Testing and evaluation conducted in as realistic an operational environment as possible to estimate the prospective system's operational effectiveness,

suitability, and operational capabilities. In addition, OT&E provides information on organization, personnel requirements, doctrine, and tactics. It may also provide data to support or verify material in operating instructions, publications, and handbooks. Note: The generic term OT&E is often substituted for IOT&E, QOT&E, FOT&E, OUE, or FDE, and depending on the context, can have the same meaning as those terms (AFI 99-103).

Initial OT&E (IOT&E) —Dedicated Operational Test and Evaluation (OT&E) conducted on production, or production representative articles, to determine whether systems are operationally effective and suitable, and which supports the decision to proceed Beyond Low Rate Initial Production (BLRIP).

Follow-on OT&E (FOT&E) —FOT&E is the continuation of operational test and evaluation (OT&E) after IOT&E or QOT&E and is conducted only by AFOTEC. It answers specific questions about unresolved COIs and test issues; verifies the resolution of deficiencies or shortfalls determined to have substantial or severe impact(s) on mission operations; or completes T&E of those areas not finished during OT&E. (AFI 99-103).

Force Development Evaluation (FDE) —A type of operational testing performed by MAJCOM operational test organizations in support of system acquisition, fielding, and sustainment or in support of MAJCOM-managed system acquisition (AFI 99-103).

Qualification OT&E (QOT&E) —A tailored type of IOT&E performed on systems for which there is little to no RDT&E-funded development effort. Commercial-off-the-shelf (COTS), non-developmental items (NDI), and government furnished equipment (GFE) are tested in this manner. (AFI 99-103)

Operational Test Agency (OTA) —An independent agency reporting directly to the Service Chief that plans and conducts operational tests, reports results, and provides evaluations of overall operational capability of new systems as determined by effectiveness, suitability, and other operational considerations. Note: each Service has one designated OTA. The Air Force OTA is the Air Force Operational Test and Evaluation Center (AFOTEC). (AFI 99-103)

Test Program Set (TPS) —TPS is the interface equipment which allows automatic test equipment (ATE) to diagnose the condition or performance level of equipment or systems. TPS is considered an integral part of the end item.

Production Acceptance Test and Evaluation (PAT&E) —T&E of production items to demonstrate that items procured fulfill the requirements and specifications of the procuring contracts or agreements.

Qualification Test and Evaluation (QT&E) —A tailored type of DT&E performed on systems for which there is little to no RDT&E-funded development effort. Commercial-off-the-shelf (COTS), non-developmental items (NDI), and government furnished equipment (GFE) are tested in this manner. (AFI 99-103)

Qualification Tests —Tests that verify the design and manufacturing process and thus provide a baseline for subsequent acceptance tests (they include both preproduction qualification tests and production qualification and acceptance tests).

Test Funds —Funds specifically programmed and allocated for test and evaluation preparation, planning, conduct, and reporting, and issued to a test organization responsible for conducting T&E activities.

Test Resource Plan (TRP) —The TRP is a resource management document used throughout the OT&E planning process to identify and coordinate resources required to support testing. TRPs are prepared and submitted by AFOTEC for all Air Force-directed OT&E. This includes AFOTEC-conducted, QOT&E, and IOT&E; and HQ USAF-directed, AFOTEC-conducted FOT&E. The TRP must be coordinated with the program office and all other agencies tasked to support the test. The TRP is a source of programming information and assures resources in the plan are properly identified for programming and budgeting by those agencies tasked for support.

Transfer Authority —Authority provided by the Congress to transfer budget authority from one appropriation or fund account to another.

First Destination Transportation (FDT) —Transportation required to effect the delivery of materiel from a procurement source (including DoD industrial activities that fabricate new material, but not if the industrial activity only reworks the item or component) outside the DoD supply system to the first point at which the Air Force takes possession or ownership. In those cases where the Air Force accepts a production item at the manufacturer's plant, or source of production, and legally owns the item, FDT extends to the first point of delivery for either use or storage. It includes the charges for freight, cartage, and demurrage incurred incident to shipment of the materiel. Amplifications of this definition are as follows if materiel is: —Procured within the CONUS, or overseas, for delivery to a CONUS or overseas point of use or storage, FDT includes all transportation by land, air, and inland or coastal waterways, except that FDT terminates at the port of embarkation (CONUS or overseas), when the item enters the Defense Transportation System. —Incident to a HQ USAF-approved package program (such as Distant Early Warning (DEW) line, or Ballistic Missile Early Warning System (BMEWS)) and provided to the contractor by the Air Force for use or storage at an overseas location, FDT includes all transportation from point of origin of shipment to the point of use or storage, unless otherwise provided under the terms of the "package program". —Materiel procured for, or on behalf of, a coproduction agreement for delivery to an overseas point of use or storage, FDT includes all transportation from point of origin of shipment (that is, contractor or government storage) to the overseas point of use or storage. Direct Air Force funds pay the Air Force share of transportation; the coproduction partners' share must be funded by reimbursable first destination funds.

Second Destination Transportation —Any transportation other than first destination. It includes port handling charges and charges for freight, cartage, demurrage (also see paragraph [10.39](#) & [10.40](#)), and other charges incurred overseas incident to shipment of Air Force property.

Value Engineering —An organized effort directed at analyzing the function of Department of Defense systems, equipment, facilities, procedures and supplies for the purpose of achieving the required function at the lowest total cost of effective ownership, consistent with requirements for performance, reliability, quality, and maintainability. FAR, chapter 1, subchapter G, part 48, contain guidance for developing VE programs.)

Value Engineering Change Proposal (VECP) —A specific cost reduction proposal, developed and submitted under VE contract provisions by a contractor, that requires a change to the contract specifications, purchase description, or statement of work.

Value Engineering Incentive Clause —Used in procurement and construction contracts to motivate contractors to submit proposals for changes in drawings, designs, specifications, or

other contractual requirements for the purpose of stimulating cost reduction and provide for compensation to contractors if such proposals are accepted.

Value Engineering Program Requirements Clause —A clause used primarily in design and development contracts and to some extent in production contracts to require the contractor to perform VE work at a stated level of effort during the course of performance of the contract and to provide compensation for performance of such work and to share in resultant savings. The contract will identify this requirement as a separate line item.

Value Engineering Proposal (VEP) —A specific proposal by Air Force personnel for economic improvement through the use of VE techniques. The term can also be applied to contractor-generated proposals that do not require a contract change to be implemented.

Warrant —The official document issued pursuant to law by the Secretary of the Treasury that establishes the amount of money authorized to be withdrawn from the Treasury.

Weapon System Engineering —Weapon system engineering is the application of scientific and engineering principles required to transform military requirements into operationally suitable hardware and software products. Weapon system engineering includes the definition, optimization, design, integration, interface control, test, verification, production, delivery and support of the product throughout its life cycle (see Air Force Supplement 1 to DoDI 5000.02).

Attachment 2

STATEMENT OF FINANCIAL MANAGEMENT GUIDANCE FOR RESOURCE MANAGERS

A2.1. Attachment 2 provides Air Force financial management guidance to resource managers. This guidance applies to resource managers at all levels and provides the broad guidelines for managers to carry out their mission responsibilities. Provide a copy of this statement to commanders at all levels down to and including detachment commanders.

A2.2. Each Air Force commander and manager is responsible for the effective, efficient, and economical use of all resources made available to his or her organization. The extent to which each commander and manager directly influences the budgeting, allocation, composition, and distribution of these resources depends on the degree of centralization of authority. The degree of centralization is the prerogative of each echelon of command and is determined by the mission needs, the resources involved, and managerial environment. Regardless of the level of centralization, operating level managers are directly involved and responsible for managing the resources used.

A2.3. Some resources may appear to be a cost-free asset in the view of the lower level manager, because this manager may not either control the determination or allocation of these resources (real property, weapon systems, and manpower) or may not have the authority to change the mix of the total resources allocated. In these instances, the manager's principal responsibility is to insure that these resources are used in the most cost effective manner. Managers need to be aware of the composition of the total resources of the base, responsibility center or cost center. All resources at operating locations are either directly controllable or their use is directly influenced by managers.

A2.4. There are positive means for a manager to directly influence the effectiveness, efficiency, and economy with which all resources are used to perform assigned missions and operations. The individual manager assists in budget formulation and resource allocation by recommending the best mix of resources to secure the most efficient use of available resources. Each manager should take an active part in the formulation and execution of operating budgets. Participatory management includes the use of resource advisors in each responsibility center and a financial management and working committee structure to advise and assist the commander in the decision-making process. The comptroller assists the manager by assuring fiduciary accounting and control of obligations and providing expense data through the accounting system. Both obligation and expense data are important because each involves distinct but related aspects of financial management. Managers must have obligation data to monitor availability of funds. Expense data is important because this is the basis for measuring performance of the organization. Relating expenses to production for a given period tells a manager how well the manager has done compared to a standard or to past activity. In most instances, expenses are the same as obligations during execution of the operating budget as relates to the use of resources. The comptroller also provides training in resource management and in the use of expense data in financial management.

A2.5. The operation and maintenance (O&M) type appropriations finance most of the day-to-day cost of running an Air Force base. There are a variety of factors that influence the degree to which managers decide how these funds will be applied. The flying hour program, civilian

personnel authorizations, facility project approval, command directed TDY, and other nonfinancial constraints determine to a large extent how a base uses its O&M dollars. Among all the funds the Air Force receives, these O&M appropriations offer the highest degree of control to managers.

A2.6. Civilian personnel costs can be influenced because requests for authorizations are initiated by managers. The manager has the prerogative to recommend a future trade of this resource for other resources. Civilian grade structure and overtime are controllable at base level.

A2.7. Managers either control or significantly influence utilities, transportation, communications, contractual services, supplies, and equipment funds. Significant management flexibility exists in these areas. Aviation Petroleum, Oil and Lubricant (POL) costs are tied directly to flying hours. Managers can influence these costs by efficient scheduling of proficiency, operational, and training flights.

A2.8. Managers have direct control over a portion of TDY funds; basically the control is exercised over administrative TDY and mode of travel, depending on the base mission. Command-directed TDY may use some of these funds; however, managers can be selective as to the number of travelers and the mode of transportation.

A2.9. Military personnel selection, assignment and funds are centrally controlled as a basic policy of Air Force operations. The costs of military personnel are properly expensed as part of the financial data provided to managers at all levels. Military personnel are a key resource of the manager. The manager's effectiveness in controlling on the job training (OJT), career management, motivation, and personnel productivity are the key factors to the productivity of the total system. It is essential that the manager knows the costs of military personnel resources that go into mission performance. By maintaining surveillance over the total military personnel program, the manager can influence the costs for military personnel through effective use of personnel complementing the central assignment and funding policies.

A2.10. The advent of the Defense Working Capital Fund (formerly DBOF) in FY 1992 represents a significant change in the way we program, budget and execute support dollars within the Department of Defense. The DWCF concept expands the use of revolving funds in the DoD to cover many functions previously funded with direct appropriations, and then charges the cost of these functions to the primary mission component that benefits from them. The method develops a provider/consumer relationship for support elements where the customer has much more control over the source of supply and can weigh alternatives on the bases of cost efficiency and product effectiveness.

A2.10.1. The concept has a two-fold focus. First, the DWCF identifies more of the support costs directly to the weapon systems that are supported, giving a more complete picture of the true costs of systems' support. Second, the concept fosters a more entrepreneurial spirit in the operation of DWCF "business areas", with more focus on cost control benefiting the customers through lower rates.

A2.10.2. The method of distributing financial authority and fixing responsibility in the DWCF environment is through the principle of unit cost resourcing. As a typical example, a DWCF business area is provided a budget document that permits that activity to incur costs as a percentage of sales revenue. There is no obligation authority or operating budget authority as in the appropriated fund environment. This method allows each business activity

to respond to the demands of its customers and promotes a more cost oriented focus across the support spectrum. In addition, there are other support elements which are not part of the DWCF but which are funded on the basis of both an obligation authority and a unit cost goal.

A2.11. An integral part of the entire resource management process is performance evaluation and productivity measurement by the manager. Individual managers and commanders must have tools, techniques, and analytical support required to interpret the data available and make judgments as to performance. The comptroller assists both in this phase of resource management.

Attachment 3

ADVISORY AND ASSISTANCE SERVICES (A&AS)

A3.1. Public Law 102-394, as implemented in OMB Circular A-11, requires that obligations for consulting service for the prior year through the budget year be submitted annually to the Congress as a separate object class (Object Class 25.1). The purpose of the exhibit is to provide Congress with actual estimates on the amount spent by DoD on consulting services which are utilized to enhance, assist, or improve the ability of government employees to make decisions on governmental processes, programs, and systems.

A3.2. All commands and FOAs must submit annual budget exhibits identifying amounts budgeted and obligated for three categories of services: Management and Professional Support Services; Studies, Analyses, and Evaluations; and Engineering and Technical Services. Special instructions for preparing the exhibit and for submission dates to SAF/FMB are in DoD 7000.14R, Volume 2, Chapter 19 (see paragraph [A3.4](#)), and in guidance issued annually by SAF/FMB.

A3.3. Reporting requirements for A&AS are exempt from licensing according to Volume 2 of DoD FMR 7000.14-R. Also see DoD 8910.1-M, *Department of Defense Procedures for Management of Information Requirements*.

Attachment 4

DEFERRALS AND RESCISSIONS

A4.1. DoD Comptroller Guidance on Deferrals and Rescission (from DoD FMR 7000.14-R, Volume 3, Chapter 2, Paragraph 0207, January 2011) See paragraphs [A4.2](#) through [A4.4](#)

A4.2. Deferrals:

A4.2.1. "1. Available budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for use later, before they lapse. Such deferral action may be taken by OMB on its own initiative or at the request of agencies. Budgetary resources may be deferred as reserves to provide for contingencies under provisions of the Antideficiency Act (31 U.S.C. 1512, formerly 31 U.S.C. 665); or they may be deferred for other reasons under the Impoundment Control Act (2 U.S.C. 681 through 688, formerly 31 U.S.C. 1403), except that funds available for only one fiscal year may not be deferred throughout the year."

A4.2.2. "2. All funds deferred through the apportionment process must be reported to the Congress in special messages. The Congress may overturn a deferral at any time by passing a law disapproving the deferral. If the Congress takes no action to disapprove reported deferrals, those deferrals may remain in effect until the end of the fiscal year unless a special message indicates that an earlier release is planned. For annual accounts and the last year of multiple-year accounts, however, funds may be deferred only for part of the year."

A4.2.3. "3. As the fourth quarter approaches, Components should review all deferrals (particularly of funds expiring at the end of the year) to ensure that amounts deferred for only part of the year will be released in time to be used prudently before the year ends. If a determination is made that such amounts should not be used, a rescission will be proposed prior to the beginning of the fourth fiscal quarter. Only in exceptional cases will rescissions be proposed during the fourth quarter. All proposed rescissions must be approved by OMB."

A4.2.4. "4. If amounts actually becoming available are less than anticipated for indefinite budget authority, transfers, reimbursements, or recoveries, the difference will be deducted from amounts apportioned and not from amounts deferred or otherwise unapportioned, unless specific provision is made for a different treatment on the approved apportionment form or reapportionment action is taken. Whenever it is determined that a deferred amount will not be required to carry out the purposes of the appropriation or other authority, it will be recommended for rescission as required by law (31 U.S.C. 1512 and 2 U.S.C. 683)."

A4.3. Rescissions:

A4.3.1. "1. The Impoundment Control Act specifies that, whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided, the President will propose to Congress that the funds be rescinded. Likewise, if all or part of any budget authority limited to a fiscal year (e.g., annual appropriations or budget authority for the last year of multiple-year accounts) is to be reserved for the entire fiscal year, a rescission will be proposed. Budget authority may also be proposed for rescission for fiscal policy or other reasons. Generally, amounts proposed for rescission will be withheld during the time the proposals are being considered

by the Congress. This may be accomplished through OMB apportionment action or through agency withholding action. "

A4.3.2. "2. All funds proposed for rescission, including those withheld, must be reported to Congress in special messages. Positive action in the form of an enacted law must be completed to rescind funds. If both Houses of Congress have not completed action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation."

A4.4. DoD Comptroller Guidance on Deferrals:

A4.4.1. "1. OMB Circular A-34 recognizes the possibility of agency deferrals that are not identified in connection with the apportionment process. These are categorized as deferrals of funds provided for a specific purpose or project when such deferral would result in obligation for such specific purpose of project at a pace significantly slower than intended by the Congress. Since it is the policy of the Secretary of Defense to obligate programs consistent with the expressed intent of the Congress, this category of action should not take place within the Department. Strict adherence to this policy, however, does not preclude the continuance of prudent administrative actions reflected on financial authorizations that affect the timing of obligations for reasons related to the routine financial management of an appropriation, program, or project or to comply with procurement regulations or sound procurement practices. Any action taken in this regard must consider the intent of the Congress in providing funds as the primary criterion in determining whether a reportable deferral exists. Accordingly, the DoD agency responsible for such actions must, at all times, be ready to support these judgments to any reviewing authority."

Attachment 5

PHASES OF MILITARY CONSTRUCTION

A5.1. Congressional authorization of major construction projects typically represents accumulation of planning, programming, and budgeting efforts.

A5.1.1. First identify a need for additional facilities.

A5.1.2. Define the need, rank the priority, and compete the projects for available resources.

A5.1.3. Start the project definition at the installation level and move the project through the chain of command for budget submission. **Table A5.1** shows the life cycle of a military construction project and the 3 to 7 years' process of acquiring a military facility from conception to completion.

A5.1.4. The actual design phase lasts 1 to 2 1/2 years, while the construction phase could take 1 to 5 years.

A5.1.5. The remaining time is to plan, program, budget, design, construct, and financial close out. However, the total construction process consists of four phases: planning and programming, budgeting, design and construction. (See AFI 32-1021 for details on military construction phases.)

A5.2. Table A5.1. portrays these phases.

Table A5.1. Evolution of an FY 2016 Military Construction Project.

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
PLANNING PROGRAMMING & BUDGETING	User identifies & develops project	Service inserts project in FYDP	Service completes planning	Service finalizes program & prepares budget	DoD submits Budget to Congress			
LEGISLATION					Congressional Committees hold hearings & Enact legislation			

DESIGN ¹				A&E performs parametric or design up 35% complete	A&E** performs 35-100 % design Service reviews & approves			
CONSTRUCTION					Service solicits bids	Contract Awarded.Construction ²	User occupies facility	

NOTES:

* Future Years Defense Program ** Architect & Engineer

1Reserve Component facilities are to be at 35% design complete before inclusion in OSD budget

2Do not award contracts without Congressional authorizations and appropriations.

Attachment 6**BASE CLOSURE: COMPTROLLER DEACTIVATION CHECKLIST**

A6.1. As a guide, the installation comptroller normally performs the following deactivation activities:

A6.1.1. Ensure continuity of comptroller functions needed to support operational requirements during phase down and deactivation.

A6.1.2. Coordinate with other staff functional areas to determine fund requirements needed to support closure plans, and ensure that such funds are available.

A6.1.3. Ensure that an adequate number of qualified comptroller personnel remain in place to effectively manage comptroller supports requirements during phase down and deactivation.

A6.1.4. Suspend and control submission of all OPRs, EPRs, and award recommendations well before the CBPO cutoff. Contact local military and civilian personnel offices, as necessary to resolve questions concerning military and civilian personnel offices.

A6.1.5. Designate individual to be responsible for documentation of unit phase out and submission of lessons learned.

A6.1.6. Advise Air Force Audit Agency (AFAA) representative of base closure.

A6.1.7. Notify commanders of the importance of early identification of losses so required reports can be initiated.

A6.1.8. Notify survey officers to expedite processing of outstanding reports of survey and government property loss or damage (GPLD) certificates.

A6.1.9. Close military finance facility. Notify command and DFAS.

A6.1.10. Determine closeout vice transfer of orderly room functions.

Attachment 7**FINANCIAL IMPROVEMENT AND AUDIT READINESS (FIAR)****A7.1.** The following guidance must be adhered to:

A7.1.1. AF Form 1269, Request for Load or Change in Fund Targets – you are required to use the AF Form 1269 and to maintain all supporting documentation for individual transactions. Note the AF Form 1269 must be signed by a designated approving official, which is applicable to all transactions loaded into GAFS-BQ, whether the result of a new Funding Authorization Document (FAD), realignments (including realignments between Elements of Expense) or the correction of errors. The original AF Form 1269 must be annotated, with the correction action taken. In those cases where a feeder system (i.e. B-Tools) creates a target load sheet, that document may be used providing it contains all of the required data elements along with preparer/approver signatures and dates.

A7.1.2. Delegation of Authority – personnel who approve the loading and distribution of funds must have a signed delegation of authority memorandum. Additionally, those personnel loading funds into the accounting system must have the proper authority documented (DD Form 2875).

A7.1.3. Field Level End of Month Reconciliation, AFM to GAFS-BL – at the end of each month, MAJCOMs and Bases are required to reconcile annual and quarterly authority with supporting documentation. This includes timely resolution of “out of balance” conditions, maintaining electronic or hard copy of the reconciliations, and evidence of approval by personnel at the appropriate level (as further supported by proper delegation of authority documentation). Monthly reconciliations must also include all funding withholds and reimbursements. Additionally, all tenant units loading their own targets must submit a copy of their AFM and PBAS funding documents to the host FM organization. For all appropriations, SAF/FMB, Air National Guard and Air Force Reserve will suspend issuing of Budget Authority (BA) documents by close of business on the 23rd of each month in order to allow field organizations time to balance before end of month closeout. The only exception to this BA cutoff date will be any bonafide emergency requirement validated by SAF/FMB (or by NGB/FMA or AF/RECB).

A7.1.4. Intermediary Funding Points (IFPs) – starting in FY13, all IFP’s must distribute funds to applicable execution OBAN’s; they cannot load targets or execute dollars (they will serve instead as a pass-thru to the executing OBAN’s).

A7.1.5. Interface Files from AFM to GAFS – MAJCOMs and Intermediary Funding Points should send an interface file to GAFS each month (instructions are in the AFM Help Manual).

A7.1.6. Sales Codes – proper use of sales codes assists Air Force’s financial reporting by identifying the customer, while also contributing to the Federal government-wide effort to reconcile inter-governmental transactions. Because there are no automated controls in place to ensure the sales code field is populated correctly, you will need to develop a manual internal control; this control must be documented and retained.