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This instruction implements AFPD 65-6, *USAF Budget Policy*. Volume 1 contains rules and procedures for using Air Force appropriated funds and should be used with the other volumes of this instruction. In cases of conflict with other Air Force instructions or policy directives, the funding propriety rules stated here take precedence. This instruction provides guidance for all personnel who prepare, review, approve, manage, or use funds appropriated to the Air Force.

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SUMMARY OF REVISIONS

This instruction aligns with AFPD 65-6. It also includes budget guidance and procedures for Defense Business Operations Fund activities and revised guidance for using expired funds. It deletes the requirement for the RCS:SAF-FMB(A)7102, *Military Family Housing (MFH) Unit Cost Report.* The instruction also incorporates new rules for automatic apportionment of reimbursements and for reprogramming. In addition, it updates funding guidance for purchase of proprietary software, local area networks, weapon system engineering, technical data, chaplain activities, civilian incentive awards, museum programs, second destination transportation, initial factory training, research and development facilities, initial operational test and evaluation, medical programs, interim contractor support and other subjects.

(30SW) The revision of this publication is to meet the format standards required by the Air Force. No content material has changed. Some required format changes have been made to allow for the conversion process.

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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.

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

1.3. Responsibilities. See following chapters for specific responsibilities.

1.3.1. The Deputy Assistant Secretary, Budget (SAF/FMB):

1.3.1.1. Establishes Air Force budget policies 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.

1.3.2. MAJCOMs, field operating agencies (FOA), 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 DoD Regulation 7000.14-R, *Department of Defense Financial Management Regulation;* volume 2 of this AFI, *Budget Management for Operations; and AFMAN 65-604, Appropriation Symbols and Budget Codes*. Follow AFI 65-106 for appropriated fund support of Morale, Welfare and Recreation (MWR) programs. See financial regulations of the Defense Finance and Accounting Service, Denver Center, (DFAS-DE) for related accounting guidance.

Chapter 2

WARRANTS, APPORTIONMENTS, TRANSFERS, AND REPROGRAMMING

2.1. Overview. The Congress, the Office of Management and Budget (OMB), and the Treasury Department 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 15l2a contains apportionment criteria.

2.2. Responsibilities:

2.2.1. SAF/FMB requests apportionment from the DoD Comptroller, according to DoD Manual 7110-1-M, *Budget Guidance Manual*, chapter 412.

2.2.2. When the Department of Defense (DoD) operates under a continuing resolution authority (CRA), SAF/FMB must request temporary appropriation warrants from the Treasury Department for amounts needed during the period of the CRA. SAF/FMB will issue funding documents to MAJCOMs and field activities after the Treasury issues temporary appropriation warrants and OMB approves apportionment requests. The Treasury will issue regular appropriation warrants when Congress enacts the actual appropriation bill.

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

2.2.4. SAF/FMB completes transfers using DD Form 1151, 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.

2.3. Reprogrammings:

2.3.1. Reprogramming involves realigning funds from one purpose (or program) to another. Within DoD, reprogramming includes transferring funds between appropriations and moving funds between programs 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. But the Congress recognizes that unforeseen requirements during the execution phase of a budget. 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:

- Transfers funds between appropriation accounts or working capital funds.
- Affects an item known to be of special interest to one or more Congressional oversight committees.

- Increases the quantity of a procurement line item that is authorized by Congress in quantity terms.

2.3.3.2. DoD must notify the Congress before implementing any reprogramming that involves:

- Operation and Maintenance and Military Personnel. Operation and Maintenance: a cumulative increase of $20 million or more in a budget activity (as shown on DD 1414). Military Personnel: a cumulative increase of $10 million or more in a budget activity (as shown on DD 1414).
- Procurement:
- An increase of $10 million or more in a procurement line.
- The addition to the procurement line item data base of a procurement line item of $2 million or more.
- The addition of a major modification ($10 million or more within a 3-year period) to an existing program.
- A decrease of 20 percent of the appropriated level, or decrease of $10 million or more (whichever is greater).
- OSD(C) memorandum dated 14 January 1994, "Revisions to Reprogramming Policy," revised the guidance for reprogramming thresholds for reductions. The reprogramming threshold for reductions is set at 20 percent of the appropriated level of the P-1 line, or $10 million, whichever is greater over the entire life of the appropriation.
- RDT&E: A cumulative increase of $4 million or more in an existing program element for a single program year; a combined cumulative increase of $4 million or more in the same existing program element over any two consecutive program years; initiation of a new subproject, project or program of $2 million or more in any fiscal year or an estimated cost of $10 million or more within a 3-year period. A cumulative decrease of 10 percent of the appropriated level, or decrease of $4 million or more (whichever is greater), may not be exceeded within any single program year.

2.3.3.3. The programs or items for which DoD requests funds must have a higher priority than those for which Congress denied the funds.

2.3.3.4. DoD components can't reprogram funds for an item or program denied or reduced by the Congress, unless there is positive indication that the Congress reduced funds for a program "without prejudice." The phrase "without prejudice" means that the Congress permits the increase in funding within the limits in subparagraph 2.3.3.2.

2.3.3.5. After the first year of availability of a multiple-year appropriation, don't reprogram funds to cover a new line item or program or to increase the quantity or scope of an existing program.

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 Business Operations Fund Business Areas.

2.3.6. See DoD 7110-1m, Part Iv, Section 3, Reprogramming Of Appropriated Funds And Chapter 431, Implementation Of Reprogramming Of DoD Appropriated Funds, For Further Guidance.

2.4. 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 aren't 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:

- 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.
- Issue allocations and allotments (including suballocations and suballotments) at the appropriation level at all echelons except as indicated in paragraph 3.6.
- 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 DFAS-DE Regulation 177-16) 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 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:

- Make sure their use is in accordance with the tenant's approved financial plan.
- Maintain control on limitations placed on the use of funds.
- Provide required data for preparing and revising the tenant's annual financial 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)), aren't subdivisions of funds under DFAS-DE Regulation 177-16. (***NOTE:*** AF Form 616 isn't a subdivision of funds under DFAS-DE Regulation 177-16.)

3.2. Basis for Budget Authorizations:

3.2.1. The approved annual financial plan is the basis for the budget authorizations issued by SAF/FMB. SAF/FMB will advise the major commands (MAJCOM) and separate operating agencies (FOA) of the approved financial 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 do not exceed the amount of the budget authorization received.

3.2.2. Budget authorizations represent the approved financial 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 DFAS-DE Regulation 177-16. For the procurement and RDT&E appropriations, see paragraph 3.6.1.1.

3.3. Expiration of Budget Authorizations. When the authority to incur new obligations expires for an appropriation, the purpose of budget authorizations issued for such appropriations will have been served and the budget authorizations become invalid. Don't make adjustments in the budget authorizations after an appropriation expires for obligation purposes.

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. and DFAS-DE Regulation 177-16. 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), 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 (except the amount established for management and support requirements which is available for only 1 year).

3.6.1.1. For the life of the appropriation, budget authorizations (BAs) are issued at the same level and consistent with the related procurement or program authorization (PA) under each appropriation.

- 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 Department of Defense (DoD), Congress, SAF/FM, and reprogramming flexibility.
- 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 (AFR 177-16 and DoD Manual 7220.9M). SAF/FM approval is required to exceed the line item or ceiling amount, whichever is larger, on AF Form 401.
- To protect Air Force interests, request additional financing required to exercise a bid option within 24 hours after the bid opening. Refer requests that cannot be fulfilled using the authorized flexibility on AF Form 401 to SAF/FMBIO and AF/LGSP for 3080 funds, to SAF/FMBIA/AQXR for 3010 and 3600 funds, or SAF/FMBIO/AQXR for 3020 funds by the most expeditious means (telephone or priority message).
- 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 PA and 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 followup and receipt of formal written copies of documents when authority is received by telephone or other informal means.

3.6.1.2. SAF/FMB issues allocations at the appropriation level for each multiple-year period.

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*7040) appropriations are available for new obligation for 5 years.

- Issue budget authorizations at budget program level, except budget programs 320 and 330, and budget projects 351, 711, 712, 713, and 714 which are issued at the installation or construction program level.
- 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*7045). (See AFI 65-601, volume 2, for Operation and Maintenance, Air Force (57*3400), and Operation and Maintenance, Air Force Reserve (57*3740).)

- Issue budget authorizations at budget program activity level for each fiscal year.
- 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):

- Issue budget authorizations at budget program and project level for each fiscal year.
- Issue allocations at appropriation level for each fiscal year.

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

3.6.5.1. Issue budget authorizations:

- At budget project level for the current program year and program level for prior program years under limitations .00l and. 003.
- 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 .00l 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** and DFAS-DE Regulation 170-3 contain procedures for International Military Education and Training (IMET) (57-11*1081) and Military Assistance, Executive Appropriation (MAP) (57-11*1080) funds.

3.6.6. **Chapter 17** and DFAS-DE Regulation 170-3 cover Foreign Military Sales Trust Fund (97-11X8242) budget authorization use.

3.6.7. Defense Business Operations Fund DBOF (97*4930): The DoD Comptroller (DoD(C)) issues annual Operating and Capital Budget authority schedules to the Air Force and other DoD Components. DoD(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 DBOF. 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):

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

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

- Issue budget authorizations at appropriation level for each program year.
- Issue one allocation at appropriation level covering all program years.
- 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 not 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-DE, 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) 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 Regulation 177-16). 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 Regulation 177-16.

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 DFAS-DE/PGA in accordance with DFAS-DE Regulation 177-16 for review and evaluation to determine that adequate controls have been established to avoid overobligation.

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 overobligated by taking necessary management action, which may include:

- Increasing the amount of the CMA, before incurring an overobligation.
- Terminating the CMA.
- Taking other necessary management actions to prevent an overobligation.

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 violating of Title 31 U.S.C. and DFAS-DE Regulation 177-16, 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 (AFR 170-8). Usually, the appropriate echelon of command doesn't 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 weren't 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 DFAS-DE Regulation 177-16. See **Chapter 6** on expiring appropriations and canceled accounts.

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 use Form 1449, **Operating Budget Authority (OBA)**, to issue O&M type funds (see AFI 65-601, volume 2). Funding issued on this form is an administrative subdivision of funds under DFAS-DE Regulation 177-16; therefore, don't 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 except for the document number. 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), materiel program code (MPC), 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, MPC, 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:

- First quarter will show cumulative amount authorized for the first quarter.
- Second quarter will show the cumulative amount from the beginning of the year for the second quarter.
- Third quarter will show the cumulative amounts from the beginning of the year for the third quarter.
- Fourth quarter will reflect annual program in the fourth quarter column.

3.9.2.5. Remarks/Limitations Block:

- The issuer should identify the document as an allocation, suballocation, or allotment. For example, "This is a suballocation."
- Parent organizations issuing funds for tenants to host organizations must include information required by the host to administer the approved financial plan of the tenant.
- Limitations on issued funding will be in accordance with paragraph 3.1 above.
- 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.

3.10. Using AF Form 402, Obligation Authority/Suballotment. Only SAF/FMB and their servicing accounting and finance office, SAF/FMBMB-AFO use the AF Form 402 (hereafter called OA). Its use is considered an administrative subdivision of funds under DFAS-DE Regulation 177-16, *Administrative Control of Appropriations*. These funds are available for obligation for a specified period of time and only for a designated purpose. The OA limits the making of obligations to the amount shown, but unlike other administrative subdivisions, you record it as a commitment against funds provided to the SAF/FMB servicing AFO on an Operating Budget Authority (OBA) or allotment document. If valid obligations (per DFAS-DE Regulation 170-8) exceed the amount of the OA, a reportable violation occurs. You must report it under DFAS-DE Regulation 177-16. (***NOTE:*** Base level AFOs may not issue the AF Form 402. The AFO may use AF Form 616, **Fund Cite Authorization**, per DFAS-DE Regulation 177-101, chapter 20.

3.10.1. Address OAS to the Designated Head of the Activity Receiving The Funds. This person may delegate authority to administer the OA to a qualified individual within his or her organization; to

the individual who will incur the obligations; or if mutually agreeable, to the host AFO. The AFO issuing the OA must know in advance who will administer the OA.

3.10.2. Examples of Obligations Authorized by an OA :

- Base procurement of items authorized for local purchase.
- Purchase of items which require control subject to the issuer of an OA. The issuer can control by a thorough review of the documents pertaining to such purchases.
- Other items authorized by the issuer as shown in the purpose block of the OA.

3.10.3. Restrictions and Limitations . An OA must be issued for a specific period of time and dollar amount.

3.10.3.1. The period of the OA can't extend beyond the expiration date of the appropriation. Review OAs issued against multiple-year appropriations at the end of each fiscal year to determine if they are still valid for the next fiscal year.

3.10.3.2. Issue OAs in specific amounts; that is, the maximum amount that can be obligated. If the amount is later determined to be insufficient, the receiving office must promptly request a supplemental OA.

3.10.3.3. Recipients can't issue subsidiary OAs. The funds must either be obligated by the recipient or returned unobligated to the issuing AFO.

3.10.4. Instructions for the Issuing AFO:

3.10.4.1. Prepare the face of the AF Form 402 to show:

- Advice number assigned by the issuing AFO. Assign this number and add a sequence number for each change issued against the original document.
- Date issued.
- Expiration date of authority granted by the document.
- Name and address of the holder (recipient).
- Name, address, and telephone number of person who will administer the OA and be responsible for providing obligation documents to the issuing AFO.
- Complete accounting classification, the year the appropriation expires, and authorized amount.
- The authorized purposes of the OA such as services to be performed, specific projects, issuing office limitations, and other items necessary to control the OA.
- Signature with typed name and grade of the issuing AFO (or official designee).

3.10.4.2. Complete the first line on reverse side of OA to show:

- Date OA was issued in Document Date column.
- Advice number of OA in Document Reference Number column.
- Leave Commitment and Obligation Amount columns blank.
- Total amount of the OA in Available Balance column.

3.10.4.3. Prepare the OA in triplicate. Send the original and first copy to the holder. Keep the second copy. Post the amount of the OA in the accounting records as a commitment. Record subse-

quent obligations in the accounting records as obligation documents are received. Upon receipt of the completed OA, reconcile the obligations recorded with the obligations shown on the reverse of the OA to make sure copies of all documents have been received and recorded. When a completed or expired OA is received by the issuing AFO on which commitments have been recorded but no obligations have been incurred, decommit the unobligated balance of the OA and set up commitments based on each commitment document attached.

3.10.4.4. Note that AF Form 402 provides preprinted written instructions to the recipient/holder on its proper use and maintenance. The issuing AFO may provide additional written instructions on the OA to the recipient at the time it is issued. Such instructions must include guidance necessary to satisfy SAF/FMB and issuing AFO requirements.

3.10.4.5. Note that the recipient of the OA is considered an agent of the issuing AFO and must comply with all instructions received, either separately or on the face of the OA.

3.10.4.5.1. Show the complete accounting classification on all commitment and obligation documents including the OA advice number of the issuing activity.

3.10.4.5.2. Make sure the individual who has been designated by the recipient to administer the OA that each new commitment or obligation will not exceed the available balance of the OA. This individual must list each transaction on the reverse side of the AF Form 402.

- Continue the record on another sheet if more lines are needed. Show the date, reference number of the document, amount of the commitment or obligation, and the new available balance.
- If an obligation was previously recorded as a commitment, reverse the commitment, and record the obligation. Compute a new available balance after each transaction.
- If a commitment or obligation is canceled totally or partially before the obligating document is sent to the issuing AFO, record the cancellation on the reverse side of the AF Form 402 and increase the available balance accordingly. ***EXCEPTION:*** if cancellation occurs after the obligating document is sent to the issuing AFO, don't record the cancellation nor increase the available balance. Instead, send the notice of cancellation to the issuing AFO for deobligation.
- Use the Remarks column to record data which may help control the OA.

3.10.4.5.3. Send copies of all obligating documents to the issuing AFO as obligations are incurred or as specified (daily, weekly, monthly, etc.) by the issuing AFO in written instructions.

3.10.4.5.4. Make sure the recipient or individual designated to administer an OA cites the OA on a message, letter, or other procurement request. The procurement request must be for a one-time requirement and must be specific as to amount. The individual administering the OA signs as the fund certifying official. The amount available for obligation or certification is the beginning balance less all commitments and obligations posted. It is a violation of DFAS-DE Regulation 177-16 to exceed the available balance by incurring either committing or obligating funds in excess of the available balance.

3.10.4.5.5. Return the duplicate copy of the OA to the issuing AFO when the action for which the OA is issued is completed, the OA is fully obligated, or when the OA expires, whichever occurs first. When funds have been cited against an OA, the OA may be held by the recipient

pending receipt of obligation documents, but not beyond the expiration date of the OA. Attach a copy of each outstanding procurement request for which obligation documents have not been received.

3.10.4.5.6. If unposted obligation documents are received after the duplicate copy of the OA has been returned to the issuing AFO, send the documents to the issuing AFO as soon as possible. Do not post these amounts to the OA. Annotate in the Remarks column the obligation amount and date sent to the AFO.

3.10.4.5.7. An OA on which commitments have been recorded must be controlled until all obligation documents have been received or the commitment canceled.

3.10.4.5.8. Followup to determine the obligation status when obligating documents have not been received within 30 days after funds have been committed.

3.10.4.5.9. Cancel all commitments that will not be obligated at fiscal year-end (30 September) for expiring funds. When funds from an OA are cited on procurement requests, advise the person who will incur the obligation that obligations cannot be incurred past the expiration date of the appropriation. Obligation documents must be received at FY-end by the person administering the OA in enough time to have the obligation recorded in the accounting records by the AFO and certified in FY-end reports.

3.10.5. See DFAS-DE Regulation 170-3, chapter 5, for AF Form 402 usage with the Foreign Military Sales Trust Fund (97-11X8242).

3.11. 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.

- Accomplish internal control of fund documentation through use of computer software.
- Command fund control systems will provide validation of fund authorities by use of access codes and lockout procedures.
- 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.
- Transmit the authentication, signature element, and symbol to the field as part of the funding document.
- The issuing activity will retain signed originals of the computer-generated fund documents.

3.12. Emergency Funding Actions. When urgent funding adjustments are required, you may need to use interim methods (messages, telcons, etc.). Continue to maintain funds control discipline in these situations. This discipline must ensure that activities don't inadvertently violate DFAS-DE Regulation 177-16.

3.12.1. Funding by Messages, Datafaxes, Etc. When using this technique, include in your correspondence, as a minimum: the FY and appropriation being adjusted, the effective date of the adjust-

ment, 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.

3.12.2. Funding by Telcon. 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.

3.12.3. Followup 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 followup 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/FMBO
Operation & Maintenance, AFR (57*3740)	AF/RECB
Operation & Maintenance, ANG (57*3840)	NGB/ACR
Military Personnel, AF (57*3500)	SAF/FMBOP
Reserve Personnel, AF (57*3700)	AF/RECB
National Guard Personnel, AF (57*3850)	NGB/ACR
RDT&E, AF (57*3600)	SAF/FMBIA
Aircraft Procurement, AF (57*3010)	SAF/FMBIA
Missile Procurement, AF (57*3020)	SAF/FMBIO
Other Procurement, AF (57*3080)	SAF/FMBIO
National Guard & Reserve Equipment (97*0350)	
Air National Guard	NGB/ACR
Air Force Reserve	AF/RECB
Military Construction, AF (57*3300)	SAF/FMBIC
Military Construction, AFR (57*3730)	AF/RECB
Military Construction, ANG (57*3839)	NGB/ACR
Family Housing, AF (57*7045/7040)	SAF/FMBIC
Defense Business Operations Fund (AF Business Areas) (97*zz)	SAF/FMBMR
Wildlife Conservation (57*5095)	SAF/FMBOI
Air Force Management Fund (57*3960)	SAF/FMBMC
Air Force General Gift Fund (57*8928)	SAF/FMBMC
Air Force Cadet Fund (57*8418)	SAF/FMBMC

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 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're in the **Reserve Component Headquarters or Air Education and Training Command (AETC)**, limit your Military Personnel appropriation (3700 and 3850) (see exception below).

4.2. Applying Exceptions to the 20-percent Limit. Don't limit obligations during August and September of the fiscal year if **Table 4.1.** below applies to you.

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

Don't Apply the Limit		
A. If You're In	**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 don't require
AFRES 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

Section 4B—Information Processing Equipment (IPE) and Resources

4.3. Budgeting and Funding for General Purpose IPE. Whether you're in an Active or Reserve component, follow this section to select the correct appropriation for funding to develop, buy, lease, and maintain Information Processing (IP) Resources. Acquisition of IPE 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 which operates totally independent of a LAN. When commands can't agree to funding responsibilities, refer the matter to SAF/FMBM.

4.3.1. LAN Acquisition. LANs consist of any equipment that is integral to the operation of a LAN system to include file servers, cable, personal computers (PCs) and other support components (e.g., line drivers, multiplexers, etc.). A LAN is further subdivided into its lowest system form: base-wide, organizational (e.g., wing, squadron, division, branch, etc.), or functional community (e.g., logistics, maintenance, civil engineering, etc.).

- Include the total cost of each independent LAN system when applying the expense and investment criteria to a procurement action. Include any additional LAN 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 LAN system operate. You must apply the expense and investment threshold to the aggregate cost of the entire system.
- LAN system modifications or upgrades of equipment essential to LAN 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 LAN system modifications or upgrades are not an attempt to fragment the requirement to circumvent the expense and investment threshold.

4.3.2. Ancillary IPE Acquisition. Ancillary IPE consists of personal computers (PC), printers, etc., whose primary purpose is to operate independently from the LAN, as well as repair parts, components, network spares, and PC upgrades (i.e., 286,386, etc.). In these cases apply the expense and investment threshold to each individual equipment purchased 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 type of requirements if each component purchased is less than $25,000 (current threshold). The overriding rule is that stand-alone operational integrity of an ancillary IPE must be maintained in deciding to procure, upgrade, or modify IPE using O&M funding.

4.3.3. 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, doesn't 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 (i.e., 286, 386, etc.) 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 IP resources supporting O&M funded facilities and activities as follows:

4.4.1. Leasing or Maintaining IPE. Use O&M funds.

4.4.2. Acquiring IPE. Apply the $25,000 expense and investment threshold criteria to the total cost of the IPE system to determine which appropriation to use. (If the threshold is raised to an expected $50,000 level in FY 95, a message will confirm the change.) (***NOTE:*** an IPE system is a group of components that are interconnected, designed mainly to operate together, and procured at the same time.)

- Use O&M if the total system cost is under $25,000.
- Use Other Procurement if the total system costs $25,000 or more.
- Use Other Procurement funds for centrally managed equipment items. (The $25,000 threshold doesn't apply; see **Figure 4.3.**)

4.4.2.1. Exclude contract costs associated with the preparation of real property (e.g., building modification, cable trenching, etc.; see **Figure 4.1.**).

4.4.2.2. Don't fragment the validated requirement for IP, or upgrade to a communications or automatic data processing system or acquire IP in a piecemeal fashion in order to circumvent the expense and or investment criteria guidance.

4.4.2.3. Apply the determination of expense or investment cost on the basis of each system in the requirements document (e.g., Communications Systems Requirements Document, Base Communications-Computer Systems Comprehensive Blueprint, 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 <u>if their primary purpose is to operate independently</u>. 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.

4.4.3. Acquiring Software:

4.4.3.1. Use O&M funds (without regard to investment threshold and without including software in the total system cost) for:

- Software obtained via a software development contract (i.e., where the acquiring activity pays a contractor for the software development services).
- Proprietary software (i.e., software obtained with limited data rights or licensed to the Air Force). (This applies to FY 1994 and prior years only. For FY 1995 and beyond, see paragraph 4.4.3.2.)
- Software maintenance and modification, and for other IP contractual services.
- 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 (applies in FY 1995 and beyond).

4.4.3.3. Air Force organizations may accept investment funds from organizations outside of the Air Force for the purpose of buying software with limited data rights or that is licensed.

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 are $25,000 or more. O&M funds may be used if the system cost is less than $25,000.

4.4.4.3. For ITS expansion (e.g., jobs requiring new fiber optic cable to accommodate base population growth, new building construction, or a cable expansion to accommodate LAN users in other buildings (in order to provide solely E-mail or file transfer type connectivity between LANs that operate independently of each other), Commands will follow rules of minor construction projects. If the specific requirement is less than $300,000, then Commands will use O&M funds. If an expansion is above $300,000, Commands will document the requirement in the Base Communications-Computer Systems Comprehensive Blueprint (BCB) where it can be centrally funded (e.g., Air Force C4I Superhighway-2000) using Other Procurement funds. LAN expansion efforts within a particular building will continue to be governed by the LAN acquisition guidance in paragraph 4.3.1. above. In short, an independent LAN that is spread between buildings will include cable connectivity costs within the aggregate costs of the overall LAN since the cable is an integral part of the LAN system operation.

4.4.4.4. The large majority of organic engineering and installation teams cost should covered under paragraph 4.4.4.3 above. Commands are basically "contracting" with the Communications Systems Center (CSC) for these type of cable jobs and are providing a cost reimbursement for the expenses accrued by the CSC to complete the particular job. Paragraph 4.4.4.3. will also apply to commercial contractors working the same type of cable jobs.

4.4.5. Using Productivity Programs. If you are purchasing IPE under provisions of productivity enhancing capital investment (PECI) programs, group the IPE to comprise an integrated system (or systems) capable of amortizing all investment costs within the criteria established in AFI 38-301. Apply the expense/investment rule criteria to determine correct funding.

4.5. RDT&E-funded Facilities and Activities. Use RDT&E for all of the costs identified in 4.6, above, for funding by the O&M and Other Procurement appropriations.

4.5.1. Defense Business Operations Fund (DBOF) Facilities and Activities. Use DBOF funds to finance all costs identified in 4.6, above, for funding by the O&M and Other Procurement appropria-

tions. DFAS-DE Regulation 170-10, Chapter 2 has special guidance for funding of management systems development costs for DBOF activities.

4.6. Site Preparation. **Figure 4.1.** contains guidance for determining the type of funds to use for IPE site preparation. Additional guidance is in paragraph 8.16.7.1.

4.6.1. **Figure 4.1.** covers two situations: alteration of an existing facility to accommodate new IPE or to better accommodate IPE currently housed in the facility (columns 2 and 3); and addition to an existing facility or construction of a new facility to accommodate IPE (columns 4 and 5).

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

Table 4.1. Funding for Information Processing Equipment (IPE) Site Preparation.

Categories	**Alteration of Existing Facility**		**Addition or new construction**	
	Materials	**Installing**	**Materials**	**Installing**
1. Raised flooring (see chapter 8, paragraph 8.19.4 for exception).	EXP	EXP	CON	CON
2. Air conditioning for:				
a. Equipment space directly related to IPE operations and not in associated space.	(note 2)	EXP	CON (note 1)	CON (note 1)
b. Equipment space directly related to IPE operations and concurrently in associated space.	CON	CON	CON (note 1)	CON (note 1)
3. Utility work:				
a. Secondary utility work necessary to connect IPE 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 IPE.	EXP	EXP	CON	CON
b. For other than the installation of IPE.	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	REP	REP	REP	REP
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 $25,000 and over 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.
4. If you purchase the HALON 1301 total flooding system on an installed basis, use investment equipment funds; otherwise, purchase individual equipment items costing $25,000 and over with investment equipment funds; all other costs are expense.

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

4.7.1. Use RDT&E to:

- Fund all initial IPE and software development efforts up to the point where an operational configuration baseline has been tested, evaluated, and accepted or qualified.
- Finance the design, development, test and evaluation of embedded IPE and software. This includes all costs related to feasibility studies, system design, preparation, integration (including interface with other systems or subsystems), and associated documentation.
- 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.

4.7.2. Don't 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.

4.7.3. To buy fully developed and tested IPE 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 IPE and software associated with an equipment modification with the same appropriation that funds the production mod kits (see also paragraph **Chapter 8**, **Section 8G** for guidance on modification funding).

4.7.4. Use O&M-type funds to finance the maintenance of embedded IPE and software, except for investment items necessary for maintenance. Use procurement appropriations to finance investment items which are funded by the procurement appropriations. Paragraph 4.7. applies for embedded IPE and software used in research and development programs or owned by RDT&E funded activities.

4.7.5. Fund changes to existing operational software as follows:

4.7.5.1. 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.

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

4.7.5.3. 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.

4.7.6. See **Chapter 8**, **Section 8G** for instruction on funding software changes related to equipment modification engineering tasks. Use O&M, RDT&E or DBOF funds for other software changes associated with end item modification programs as discussed elsewhere in paragraphs 4.9 and 8.24.

4.8. 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.

- Use procurement accounts to finance the initial acquisition cost.
- Finance software changes as an expense.
- Finance such charges from the DBOF for DBOF-funded facilities and activities

Section 4C—Honoraria

4.9. Approving Honoraria and Speaking Fees. Commanders should make sure that persons engaged to deliver speeches, lectures, and presentations don't receive excessive fees from appropriated funds to. Follow the guidance below for paying honoraria and speaking fees:

4.9.1. Use O&M funds to pay honoraria or fees according to established approval levels:

• Installation Commanders	$250 or less
• MAJCOM, FOA, DRU Commanders	$1,000 or less
• HQ USAF/CVA	More than $1,000

4.9.2. Follow the guidance in Section 22 of the Defense Acquisition Regulation (and FAR Section 37) in contracting for such nonpersonal services.

Section 4D—Emergency And Special Program (ESP) Codes

4.10. 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		Code Description	
Organization	**Scope**	**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"

4.11. Using ESP Codes:

4.11.1. 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.

4.11.2. 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.

4.11.3. Installations or commands must send requests for establishing Air Force-wide ESP codes through MAJCOM/FM channels to SAF/FMBMD 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.

4.11.4. ESP codes apply to all 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).

Section 4E—Technical Data

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

4.12.1. Acquisition Phase. Pay for the initial technical data with the same appropriation (and budget program) or DBOF business activity which 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 when a waiver is obtained under AFI 37-162. Use these same rules for spare and repair parts.

4.12.2. 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 DBOF activity that pays for the modification. Use the rules for printing in the preceding paragraph. See also **Chapter 8**.

4.12.3. Post Acquisition and Modification Phase. Use O&M (EEIC 594) in these situations, but only when the technical data supports equipment or systems procured with investment appropriations (3010, 3020, 3080). (See next paragraph for printing and reproduction costs.)

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

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

4.12.4. Funding Printing and Reproduction Requirements. Use O&M funds (EEIC 501), after completion of the acquisition and modification phases, for the following: (***NOTE:*** The DBOF finances all of the foregoing requirements for equipment funded by the Defense Business Operations Fund.)

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

4.13. Funding Engineering Drawing Requirements:

4.13.1. When obtained in connection with procurement of equipment or a system, use the same appropriation (and budget program) or DBOF 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.

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

4.13.3. To finance the following requirements, use either O&M funds (EEIC 594) if the equipment or system was procured or modified using investment funds, or DBOF funds if the equipment was procured or modified with DBOF funds:

- Replacement of previously procured drawings that have now become unusable due to excessive use (illegible, worn or torn).
- 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.
- The cost of contractual engineering or drafting talent when needed to update, consolidate or redraw existing engineered drawings.
- Contractual accomplishment of master layout (MLO) drawings, templates, tube bend data and like items.

4.13.4. Use O&M funds (EEIC 501) to finance the contractual cost of printing or reproducing necessary multiple copies of drawings for equipment or systems procured with investment appropriations. Use DBOF for the same requirement for equipment procured by DBOF.

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

- Charge to O&M (EEIC 501) 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.
- Charge the printing cost to DBOF if the manuals are applicable to equipment procured by DBOF.
- Charge the cost to the O&M (EEIC 594) if a commercial manual has a TO number, but only for those manuals applicable to equipment or systems procured with investment appropriations.
- Charge the printing to DBOF if the manuals are applicable to equipment or systems procured by DBOF.

4.15. 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:

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

4.16. Technical Data for Common Support Equipment. Finance changes to weapon systems technical data resulting from the replacement of common support equipment (that are used on the aircraft as opposed to bench check) from the appropriation buying the equipment.

Section 4F—Space Launch Support Services

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

- If the launch is of a research and development (3600 funded) payload, use the RDT&E (3600) appropriation.
- If the launch is of an operational (3020 funded) payload, use the Missile Procurement (3020) appropriation budgeted in the year of the launch.
- Charge launch support services provided by Major Range and Test Facility Bases (MRTFBs) to the funding appropriation as indicated above on a direct cost basis per AFI 99-111, except you use O&M (3400) funds to pay for standard range support costs.

4.18. 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

4.19. Funding Contractor Support Programs:

4.19.1. 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. This funding guidance applies for FY 1993 and after.

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

- Operating commands will budget CLS for their weapon systems. Use EEIC 578 to identify costs.
- 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.
- AFMC will budget and program for classified programs managed by HQ AFMC/AZ.
- AFMC System Program Managers (SPM) are responsible for managing CLS contracts. Operating commands are responsible for budget execution and will establish OBANS for AFMC Air Logistics Center contractor logistics support efforts. AFMC SPMs will assist operating commands in developing and costing CLS requirements.
- 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 stock fund inventory and are to be transferred to the CLS contractor.

4.19.3. 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. Maybe more than one appropriation, budget program activity code (BPAC), or element of expense (EEIC) will be involved with one program. The following are examples:

- 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.
- 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.
- Use the appropriate procurement/RDT&E appropriation to pay the cost if capital investment items (peculiar support or test equipment) or data are furnished to the contractor.
- Use 0&M (EEIC 579 in the case of ICS) for the maintenance service part of the contract.
- Charge an operating account (EEIC 605 or 609 from the DBOF, EEIC 619 if from other) if the government furnishes the supply parts (expense type items) used in maintenance.

4.20. Determining the Funds Chargeable. Specific funding guidance cannot cover all contracts or situations; therefore, the system manager must take the following actions for each proposed contractual action:

- Review each contract with maintenance and procurement personnel to determine the type of service or product that is being procured.
- Determine the proper appropriation and BPAC to use per AFMAN 65-604, volume 4.
- Refer questions that can't be resolved at the command level to SAF/FMBM for decision. Provide your analysis and recommendations when referring a funding (propriety or responsibility) question to SAF/FMBM.

Section 4H—Prompt Payment Act (P.L. 97-177 and OMB Circular A-125)

4.21. Financing Prompt Payment Charges:

4.21.1. Federal departments and agencies must absorb interest penalties within existing appropriations. The Air Force paying office will bear all of the interest penalty costs from funds made available to operate that office, without regard to the appropriation or the activity that actually caused the late payment, or the agency whose funds are being administered (tenant, Air Reserve Forces, Army, Navy, DoD, etc.).

4.21.2. Use only three appropriations to finance expenses for prompt payment--Air Force O&M (57*3400), Air Force Management and Support RDT&E (57*3600), and for Dobbins AFB GA only, Air Force Reserves O&M (57*3740).

4.21.3. On a case-by-case exception, host installations may charge the penalty to tenant O&M funds only when evidence clearly exists that the tenant was directly responsible for the incurrence of the interest penalty.

4.21.4. When non-Air Force paying offices (Army, Navy, Marines, DoD, etc.) administer or pay Air Force contracts and incur prompt payment penalties, charge the interest payment to those activities without subsequent recoupment from the Air Force.

4.21.5. For Foreign Military Sales (FMS), 8242 contracts, the Air Force activity will cite the reimbursable authority of its own O&M account, then send an SF 1080 consolidated billing monthly to SAAC/FSO, Denver CO 80279-5000, for reimbursement from the Contract Administrative Surcharge (CAS) account. Identify the country, case, contract number, and reason for late payments in the billing.

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

4.21.7. See DFAS-DE Regulation 177-102 for specific accounting instructions, .

4.22. Assigning Data Elements:

4.22.1. All Air Force paying activities will use basewide cost center XX88XX (see DFAS-DE Regulation 170-5). In the Air Force O&M Appropriation (57*3400) this cost center is linked to XXX96F program elements. The Air Force RDT&E program elements are 65806F and 65807F. For AFRES O&M (57*3740), Dobbins AFB GA only, the basewide cost center uses program element 55396F.

4.22.2. Use element of expense/investment code (EEIC) 682 for all three Air Force appropriations. This EEIC reflects only prompt payment interest penalty costs. Use fourth- and fifth-position EEIC code shreds for EEIC 682XX as follows (see the Air Force Corporate Data Dictionary, volume I for definitions):

4.22.2.1. Use the fourth-position numeric shred of EEIC 682 to reflect the reason a prompt payment interest penalty was incurred.

4.22.2.2. Use the fifth-position alpha-code shred of EEIC 682 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 predominancy 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 EEIC 682 interest penalties to the proper fifth-position alpha shreds.)

Section 4I—Telephone System Costs

4.23. 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.

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

4.24. Funding Other Telephone Activities:

4.24.1. Paying for Telephone Reconnection Charges. The Base Civil Engineer (BCE) and Chief of Services 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)(EEIC 592). 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.

4.24.2. 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 33-106). 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.

4.24.3. 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 which extends between the telephone company's point of demarcation at a facility and the subscriber's telephone outlet.

4.24.3.1. Assigning Funding Responsibilities:

4.24.3.1.1.

4.24.3.1.2. 4.24.3.1.2.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.

4.24.3.1.3. 4.24.3.1.3.In facilities other than Air Force quarters, the subscriber pays for the installation and maintenance, regardless of who owns the facility.

- 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.).
- See **Figure 4.2.** of this regulation and AFI 33-106 for further procedures and instructions. AFI 33-106 contains guidelines for both "official" and "unofficial" telephone service.

4.24.4. Financing Telephone Wiring and Cable TV Wiring:

- Use Military Family Housing (MFH) P722 maintenance funds to finance the maintenance, repair, and minor alteration requirements for telephone wiring.
- 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.
- Installations may use appropriated funds to pay for cable TV prewiring as part of housing unit construction or improvement of units where cable TV is, or will be available.

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
Quarters: MFH	**MAJOR (Note 1)**	**MINOR (Note 2)**		
UEPH, UOPH	Appn 7040 P-711	Appn 7040 P-722/P-713 (Note 3)	Appn 7045 P-722	Base CSSO
TLFs, VOQs, VAQs (Note 5)	Appn 3300	Appn 3400 EEIC 529/592	Appn 3400 EEIC 592	Base CSSO
AAFES Activities (incl CONUS Pay Phones)	AAFES	AAFES	AAFES	AAFES
DECA	DECA	DECA	DECA	DECA
NAF Activities (Note 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:

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 87-XX, requires the installation of inside wiring in Military construction Program (3300 appropriation), either new construction or major renovation.
2. Prewiring does not apply to AF funded minor construction (57*3400, EEIC 529). It also does not apply to Military Family Housing (appropriation 7040, P-711 and P-713, or appropriate 7045, P-722 projects. 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 (EEIC 592). 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, EEIC 592).

3. Pay for minor renovations costing $2,000 or less with P-722. Pay for minor renovations costing over $2,000 with P-713.
4. AFI 33-111 has guidelines for the authorization and funding of Class A, B, C, and D "official" telephone service.
5. Follow the funding guidance above when using appropriated funds. Follow nonappropriated funding guidance when using nonappropriated funds.

Section 4J—USAF Museum Program

4.25. USAF Museum Programs. AFI 35-204 provides instruction for the Air Force museum program, museum operation, and new museum approval.

4.25.1. Financing the United States Air Force Museum (USAFM). The USAFM at Wright-Patterson AFB, OH, is the only museum eligible to receive appropriated funds for new construction and O&M funds from the Servicewide Activities are of Budget Activity 04.

4.25.2. Financing Air Force Base Museums:

4.25.2.1. The Air Force encourages but does not require a foundation in the establishment and operation of a museum. Where a foundation exists, the supporting Air Force installation should use its resources and other voluntary funds for construction, establishment, management, operation, and maintenance of the supported museums. 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 foundation will assist the museum.

4.25.2.2. When foundation funds are inadequate, installation commanders may use O&M-type funds to support the base museum, provided the costs are reasonable and in line with the base mission and funding priorities. Use O&M funds from your Budget Activity for base support.

4.25.2.3. Installations may approve use of O&M funds for minor construction with a limit of $2,500 per individual work project.

4.25.3. Financing Air Force Exhibits and Air Parks : Installation commanders may authorize the use of O&M funds for these activities following the guidance in paragraph 4.25.2.

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

4.26. Ethnic and Holiday Observances Funding Guidance:

4.26.1. 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.

4.26.1.1. 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 nongovernment 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.)

4.26.1.2. 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.

4.26.2. Holiday Observances. Unit commanders may approve the use of appropriated funds (APFs) 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 building, base Christmas tree, or decorated foyer of a 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.

4.27. Traditional Ceremonies. The use of appropriated funds which might be prohibited as personal expenses may be permissible when they are incurred incident to certain traditional ceremonies. Don't provide free food, snacks, alcoholic beverages, etc., except as provided in paragraph 4.28. Comptroller General decisions permit the following examples of traditional ceremonies:

4.27.1. Groundbreaking and Dedication Ceremonies. Expenses necessarily incident 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 B107165-0.M., 3 Apr 1982).

4.27.2. Armed Forces Change of Command Ceremonies. The Comptroller General extended the rationale of the cases cited above to these 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.

4.28. Entertainment . You can't 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.).

4.28.1. Use appropriated funds for these expenses:

- Food and drink provided to military personnel as subsistence-in-kind through the O&M Appropriation 57*3400.
- Reimbursable subsistence expenses (per diem) for persons in an official travel status.
- Appropriated contingency funds for official representation purposes, as authorized in AFI 65-603.

- Ethnic food samples, bands, or singing groups used in authorized ethnic awareness programs, per section O of this chapter.
- Light refreshments at awards ceremonies as described in section P of this chapter.
- 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.
- 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.)

4.28.2. Don't use appropriated funds for these:

- 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.
- 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.)

Section 4L—Awards, Award Ceremonies and Gifts

4.29. 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 and its implementing instructions, and AFI 36-1001 for civilian performance awards. Employees paid from nonappropriated funds are not eligible to receive awards charged to appropriated funds.

4.29.1. Suggestion Program Awards. The following guidelines apply to cash awards to military and civilian employees:

4.29.1.1. 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 suggestion 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 suggestion was submitted. Use the O&M type funds of the organization to which the individual is or was assigned. For Individual Mobilization Augmentees (IMAs), the unit of assignment is the activity where the individual performs his/her IMA duty.

4.29.1.2. 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 suggestion benefits the Air Force as a whole, or (b) the command or organization that receives the primary benefit.

4.29.2. 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/FOA supplement thereto. Included are trophies, plaques, emblems, certificates and similar items that are designed for display purposes. Merchandise items

such as jackets or belt buckles with a nominal cost ($50 or less) and which display the activity logo, insignia or other inscription that clearly identifies its purpose meet Comptroller General criteria for honorary awards. Air Force activities may use such items for mission accomplishment awards to the extent authorized by agency directives or instructions (currently, the Air Force authorizes these "merchandise-type" items only under AFI 36-1001 for civilian incentive awards).

4.29.3. Promotional or Incentive Gifts and Awards:

4.29.3.1. 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, ash trays, luggage tags and similar items. (See paragraphs 4.29.2 and 4.28.2 for exceptions). 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).

4.29.3.2. The guidance in paragraph 4.29.3 does not apply to the *Air Force Suggestion Program*, the *Air Force Productivity Enhancement Program*, the *Air Force Recruiting Advertising Program* and the *Quality Air Force Program*. AFI 38-401 (*Air Force Suggestion Program*), AFI 38-301 (*Air Force Productivity Improvement Program*), and AFI 36-2015 (*Air Force Recruiting Advertising Program*) provide instructions for these programs. AF/MOQ is the Quality Air Force Office.

4.29.4. Sports Competitions . Activities may use appropriated funds to purchase trophies and similar devices for presentation to winners of intramural sports and athletic competitions. Such competitions shall generally be of a continuing nature. The trophies or similar devices shall be for display purposes only, and not redeemable for cash, merchandise, or services. (See DoD Directive 1348.19, 12 May 1989.)

4.29.5. 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.

4.30. Civilian Performance Awards . AFI 36-1001 provides policy and guidelines:

4.30.1. Charge the cost of cash awards made to civilian employees under the merit pay system to funds current at the time final approval of the award is made. The year of actual payment is not the controlling factor.

4.30.2. AFI 36-1001 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).

4.31. 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.) You may serve refreshments.

4.31.1. Civilian Employees. Commanders may use appropriated funds to provide light refreshments at such award ceremonies at nominal cost under authority of 5 U.S.C. 4503. AFI 36-1001 provides guidance on the Air Force recognition program. See also CG Decision B-223319, 21 July 1986, and CG Decision B-236040, 9 October 1990.

- Nonappropriated funds finance the cost of light refreshments for personnel paid from nonappropriated funds.
- 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.

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

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

4.31.4. 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.)

4.31.5. Procurement from Nonappropriated Funds Instrumentalities. NAFIs (NCO or Officer Open Messes, 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. (See CG Decision B214810, 29 Nov 1984.)

Section 4M—Chapeland Chaplain Programs

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

4.32.1. Use appropriated funds for major and minor construction, alteration, maintenance and repair of base chapels including the property and equipment provided to support chapel and chaplain programs.

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

4.32.3. Do not use nonappropriated funds and/or religious service collections to finance direct mission requirements of the chapel or chaplain programs. (See AFI 52-101 for guidance).

Section 4N—Criteria for Determining Expense and Investment Costs

4.33. 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 and Military Construction. DoD 700.14-R, *DoD Financial Management Regulation*, Volume 2A, provides general guidance for DoD use.

4.34. 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

```
+-------------------+
| CENTRALLY         |
| MANAGED/ASSET     |
| CONTROLLED        |
| ITEM              |
+-------------------+
        |                  YES
        |                ---------->
        | NO                                  +-------------+
        |                                     |             |
        V                                     |  CLASSIFY   |
+-------------------+                         |     AS      |
| SYSTEM UNIT       |                         | INVESTMENT  |
| COST≥CURRENT      |  YES                    |   COST      |
| DOLLAR            |                         |             |
| THRESHOLD         |  ---------->            |             |
+-------------------+                         |             |
        |                                     |             |
        |                                     |             |
        | NO                                  |             |
        |                                     |             |
        V                                     |             |
+-------------------+                         |             |
| EXPENSE           |                         |             |
+-------------------+                         +-------------+
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Section 4O—Other Guidance

4.35. Personalized Stationery. Authorized: using appropriated funds to print functional titles of key officials on memorandums and notes. Unauthorized: using appropriated funds or government equipment to print the names of officers or other officials on stationery, memorandums, or notes. (See AFI 37-162.)

4.36. Calling and Greeting Cards:

4.36.1. The printing or engraving of calling or greeting cards is a personal expense. Do not use appropriated or nonappropriated funds, government printing plants, or duplicating facilities to procure or produce them, except as shown below. See AFI 37-162. The Congressional Joint Committee on Printing (JCP), however, has authorized the purchase of business cards from appropriated funds for military and civilian professional recruiters.

- **Active Air Force Military Recruiters.** The USAF Recruiting Service must approve all orders for active Air Force professional military recruiter cards. HQ AETC/DAP obtains the cards from Defense Printing.
- **Air Force Academy.** HQ USAFA/DAR obtains all cards for the Air Force Academy Liaison Officers from Defense Printing using USAFA O&M funds.
- **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 Defense Printing.
- **United States Air Force Reserve (USAFR).** HQ AFRES/DAP approves requests for all USAFR military recruiters, and obtains the cards from Defense Printing.
- **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. The ANG procures the cards from local vendors.

4.36.2. Seasonal greeting cards are a personal expense to be borne by the persons who ordered and sent them; do not charge their cost to public funds.

4.37. Housing Damage Liability:

4.37.1. 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).

4.37.2. 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 use for the same purposes and under the same circumstances as other funds in these accounts (see **Chapter 5**).

4.38. Buying Books, Periodicals, Newspapers and Pamphlets:

4.38.1. 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 AFMWRC/MWOPL. AFI 34-113 designates those specific organizations and

types of publications which are exempt from centrally funded procurement through the library. AFI 34-113 authorizes libraries to use local appropriated funds for specific categories of publications and services. HQ AFMWRC/MWOPL 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.

4.38.2. Non-Mission Essential . Use nonappropriated funds only to procure non-mission recreational type periodicals and newspapers for day rooms, billeting, recreation centers, youth activity facilities, air terminals, distinguished visitor lounges, family support centers, hospital and clinic waiting rooms, and the like.

4.39. Funding Consecutive Overseas Tours. The following funding responsibilities apply to the payment of round-trip travel expenses for military personnel and their dependents from overseas to the CONUS between consecutive overseas tours (COT).

- When a member has an approved in-place COT, charge the cost of the round trip travel for the member and eligible dependents to the local O&M type funds of the organization (MAJCOM) to which the member is assigned.
- When a member has an approved in-place COT, and the member's MAJCOM of assignment changes, the new organization's MAJCOM pays for the round trip travel.
- When a member has an approved COT to another overseas base, charge the cost of the round trip travel for the member and eligible dependents to the fund citation of the member's PCS orders for the COT.

4.40. Appliances and Furnishings for Work Break Areas. Air Force organizations may use appropriated funds to purchase work break area furnishings and small appliances under the following conditions.

- Responsible officials must determine that the appliance(s) in question is reasonably necessary for, and not just incidental to, the proper execution of an authorized program and that employees need to remain at their place of duty (work station) during the work shift.
- Break area furniture is authorized only for officially designated shop break (work) areas.
- The purchase of small appliances is for shop break (work) areas which directly support the operational mission. The purchase must meet these criteria:
- Acquisition costs are relatively small and no snack bars or other eating facilities are readily accessible.
- The appliance acquisition must enhance employee morale and increase employee productivity.
- The appliance is not being purchased for the purpose of providing entertainment.

4.41. 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. Installation commanders may use appropriated funds to support the Retiree Activities Office (RAO) as follows.

- Official mail in support of the Retiree Activities.
- Office supplies, printing, equipment, travel, and other operating costs which have been identified and approved in the installation financial plan.

- Official travel expenses authorized per the JTR, volume 1, chapter 4, part K. Reimbursement of transportation expenses for travel to and from the retiree volunteer's residence and the duty station (RAO) is not authorized.

4.42. Registration Fees for Meetings and Conferences. Federal military personnel and civilian employees attend meetings and conferences at government expense when it is part of an authorized training program or it directly relates to the official duties of the attendee. Meeting sponsors sometimes charge attendees a fee, usually called a registration fee. The following provides funding guidance for the payment and management of registration fees.

4.42.1. Meals. Follow this guidance if you attend a meeting or conference where a registration fee includes meal charges and lodging and the charge is an integral part of the registration fee (that is, inseparable from the fee). You must include in your travel orders (and your travel voucher must identify) the number of meals to be provided (for example: "1 breakfast, 2 noon, and 1 evening meals and 2 nights of lodging are included in the registration fee"). Generally, the government will not reimburse employees for meals consumed at their official duty stations (for exceptions, see Comp. Gen. Decision B-200650, April 1986).

4.42.2. Budgeting and Funding for Air Force Sponsored Meetings or Conferences. This guidance applies to all levels of command.

4.42.2.1. Follow guidance prescribed in appropriate training instructions (for example, AFPD 36-4 and AFPD 36-22 and their implementing instructions) for meetings or conferences that qualify as formal training.

4.42.2.2. Air Force organizations that sponsor a meeting or conference that does not come under the authority formal training guidance will pay for speaker fees, honorariums, off base facility costs (excluding lodging), and other related costs from their O&M type funds, rather than recover such costs through a registration fee. In general, use the AF Form 9, **Request for Purchase**, to contract for off-base conference facilities, if appropriate.

4.42.2.3. The official who approves the conference, workshop, training, etc., in which a registration fee is charged, is responsible for ensuring that no unauthorized charges are included in the fee. To accomplish this, prepare a budget which itemizes each of the costs to be included in the fee (such as meals, guest speakers, meeting rooms, set-up charges, and other similar items).

4.42.2.3.1. 4.42.2.3.Sponsoring activities may levy a "hospitality" fee to cover solely social amenities (such as coffee, light snacks, or hors d'oeuvres) associated with attendance at the meeting or to cover mementos, souvenirs, etc. Payment of hospitality fees is voluntary, and is not reimbursable from appropriated funds. Do not authorize such a fee in travel orders.

4.42.2.4. Sponsoring activities may charge non-Air Force government attendees a fee which covers food or beverage costs as a minimum. Sponsors may charge an additional fee for a pro rata share of other costs if the circumstances dictate. Charge non-government attendees for food and beverage costs as well as appropriate charge for any services provided per DFAS-DE Regulation 177-8, *User Charges*. Deposit all fees collected from non-government attendees under the foregoing guidelines into the Treasury as miscellaneous receipts.

4.42.3. Government (Non-Air Force) Sponsored Meetings and/or Conferences. Charge the cost of registration fees and other official expenses for government (non-Air Force) meetings/conferences to the attendee's organizational O&M type funds, per applicable directives (for example, the Joint

Federal Travel Regulation. Registration fees paid by the Air Force attendee's organization should not include the cost of food or beverages provided by the sponsoring organization because these are considered personal expenses. However, if the attendee is in an official travel status, include the amount of a registration fee in the travel orders, and indicate all meals and lodging covered by the fee on the individual's travel voucher.

4.42.4. Non-Government Sponsored Meetings and/or Conferences. Charge the cost of registration fees and other official expenses for non-government meetings/conferences to the attendee's organization O&M type funds, as in 4.42.3 above. If a single fee is charged and the sponsoring organization is unable to identify a separate charge for food/beverages, then the attendee's organization may pay the full registration fee. If the attendee is in an official travel status, include the registration fee in the travel orders, and identify all meals covered by the fee on the individual's travel voucher.

4.43. Veterinary Services:

4.43.1. The U.S. Army Veterinary Service serves as an integral part of the local Air Force medical staff and is therefore not considered a tenant on the Air Force base. As such, the host provides the Army Veterinary Service with common services, logistics support services, supply support and maintenance support without reimbursement.

4.43.2. 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 Regulation 177-102 for detailed procedures.)

4.44. 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.)

4.45. Special Drinking Water. Air Force organizations may purchase drinking water with appropriated funds only when it is a necessary expense from the government's standpoint, such as when:

- The public water supply is unsafe for human consumption.
- There is an emergency failure of the water source on the installation.
- A temporary facility has no drinking water available within a reasonable distance.
- There is no water fit for drinking purposes available without cost or at a lower cost to the government. (See 3 CG 828, 5 CG 90, 17 CG 698, 18 CG 238, 24 CG 56, and 25 CG 920.)

4.46. 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 Department of Defense (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/MII. (Section 9008, Public Law 101-165, November 21, 1989, provides standing authority).

- Don't use requests for minor construction projects costing over $200,000 accomplished with CREEK SWEEP credits to renovate or improve office space; further,
- Don't use them for any purpose on Senior or General Officer housing.
- Don't use CREEK SWEEP credits to accomplish facility requirements normally funded with non-appropriated funds (NAF) unless specifically approved by SAF/MII.

Section 4P—Planning and Tracking Obligations and Outlays

4.47. Submitting Obligation and Outlay Plans. The *DoD Accounting Manual*, DoD 7220.9-M, chapter 93, Flash Report on Obligation Status and OMB Circular No. A-112, *Monitoring Federal Outlays require t*he Air Force to prepare these plans. In September each year, the Office of the Assistant Secretary of Defense, Comptroller (Program/Budget) requires the services to develop monthly obligation and outlay plans for the upcoming fiscal year. SAF/FMB submits the plan to DoD Comptroller at the appropriation and program year level. But SAF/FMB must analyze variances at the weapon system/program element level. Therefore, AFMC will provide monthly plans for major weapon systems for investment appropriations per annual guidance from SAF/FMB. All MAJCOMs/FOAs will submit annual plans for the Operation and Maintenance (O&M) appropriation.

4.48. Planning:

4.48.1. In August, SAF/FMB tasks AFMC/FMB to develop the plan for major weapon systems. The suspense date for obligations/outlays against prior year budget authority is the beginning of November; the suspense date for obligations/outlays against current year budget authority is one week after the Congress passes the Appropriations Bill.

4.48.2. AFMC submits the finalized procurement plans via diskette to SAF/FMBMC for consolidation and review. SAF/FMBMC loads the plans into the automated Air Force Obligation/Outlay Tracking System.

4.48.3. SAF/FMBOI separately tasks all MAJCOMs/FOAs for O&M plans to be submitted directly to SAF/FMBOI. SAF/FMBOI consolidates and submits the finalized plans to SAF/FMBMC for input to the Air Force Obligation/Outlay Tracking System.

4.48.4. SAF/FMB reviews and adjusts the appropriation and program year monthly distributions and submits the official Air Force Obligation/Outlay Plans to OSD in an automated format for inclusion in the DoD system.

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

4.49.1. 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 and obligation data on the 10th workday. Once OSD produces obligation/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.

4.49.2. DFAS-DE submits execution data for obligations under RCS: DD-COMP(M) 1445 and for outlays under RCS: HAF-FMB(M)7131, Update Obligation/Outlay Tracking System, in order to

update the Obligation/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.

4.49.3. SAF/FMBMC prepares a monthly status report by appropriation that gives the year-to-date plan data, the year-to-date execution data, variances from plan, and percent accomplishment of actual to plan, along with a written rationale, by weapons system, 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 5.5.2.1), in addition to, and separate from, funds appropriated exclusively for Air Force mission requirements.

5.1.3. MAJCOMs won't allot anticipated reimbursements unless they have reasonable assurance that the reimbursements will be collected. Even when reimbursements are apportioned and allotted, these estimates don't 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 stock fund under the Defense Business Operations Fund (DBOF), 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, don't 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. Don't 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, the RDT&E appropriation finances reimbursable Research Development Testing and Evaluation (RDT&E) efforts.

5.1.6. Chapter 26 of the DoD Accounting Manual (DoD 7220.9-M) 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 financial 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 based on the historical level of effort.

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.

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.

5.4. Funding Procedures and Application. In developing the financial 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 Defense Accounting Officers (DAO) will initially account for reimbursable orders under the appropriation available for obligation when they accept the order. But, if you haven't filled the order and haven't set up the related reimbursable obligation before the appropriation expires, the DAO must move the unfilled order to the next fiscal year's appropriation on or before 30 September (see DFAS-DE Regulation 170-9). See paragraph 5.8.1.2 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. Operations Accounts (O & M, Air Force and Military Personnel, Air Force). The appropriation managers issue operating budget authorities with the reimbursement program at appropriation level, by fiscal quarter. For O&M, SAF/FMB issues the anticipated reimbursement program as anticipated operating budget authority targets amounts at the appropriation level, by fiscal quarter. Field level FM offices distribute the amounts to responsibility center, cost center, or cost account level (whichever permits correct translation to program element and functional category), and identifies and reports using accounts receivable sales codes in the Status of Funds Data Base Transmission, RCS: SAF-FM(M)7801-DE report. If you decide locally that the annual reimbursable program isn't adequate or attainable, ask higher headquarters to adjust your operating budget authority.

5.4.1.3. 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). SAF/FMBO may automatically increase the OMB apportion-

ment 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.)

- MAJCOMs/FOAs may exceed target amounts without SAF/FMBO's prior approval. But, MAJCOMs/FOAs must explain deviations from targets to SAF/FMBO in writing when they're apparent. When SAF/FMBO approves and issues revised reimbursement targets to MAJCOMs/FOAs, apply standard reimbursement policies and procedures.

5.4.1.4. Family Housing appropriation 57*7045 (Fund Code 83, 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 retiring debt principal (budget programs P740 and P750).

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, don't accept new orders in a multiple-year appropriation account after its first year of availability. FM offices and DAOs must take action at fiscal yearend for both expiring and nonexpiring accounts to:

- Move unfilled orders for which reimbursable obligations haven't been established to the ensuing fiscal year appropriation account (see DFAS-DE Regulation 170-9, paragraph 7).
- Eliminate anticipated reimbursements (authorized reimbursable budget program), which are nullified at fiscal yearend, to the extent they haven't been realized.

Charge price increases (within scope changes) to orders already accepted against the same account that accepted the original new order.

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. MAJCOMsmust 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-DE 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:

- 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.

- 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.

5.4.2.1.3. **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. 3010/3020/3080 Appropriations To Be Charged or Credited For The Purchase or Sale of Investment Items To Fill Customer Orders.

RULE	A If item sold was	B and stock replacement of principal items is	C and the customer order is accepted	D and	E and the order is	F then credit the	G and
1	delivered from stock	required or item sold is a secondary item (note 1)	in the current FY	the replace-ment is pur-chased before the appro-pri-ation current when the order was accepted expires	N/A	most current FY appropriation available when the customer order is accepted (note 4).	for the replace-ment purchase, charge the same FY appro-pri-ation in which the order was accepted.
2				the replace-ment is pur-chased after the appro-pri-ation current when the order was accepted expires	not moved for-ward (note 2)		charge the FY appropriation current when the contract is awarded for replacement (note 7)
3					moved forward (note 2)	FY appro-pri-ation to which the cus-tomer order was moved (note 5)	for replacement purchase, charge the FY appropri-ation to which the customer order was moved.
4		not required (note 1)	on or after 1 Oct 77	N/A	N/A	general fund receipt account of Treasury or the applicable appn. (note 6)	N/A

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

5.4.2.2.1. SAF/FMB and Air Force Materiel Command (AFMC) are responsible for reporting anticipated reimbursements to DFAS-DE 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 Air Force Corporate Data Dictionary. 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-DE report.

5.4.2.2.2. AFMC uses 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**). 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 DAO 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. HQ USAF centrally administers these programs. DFAS-DE does central accounting. Deposit proceeds collected from selling forest products to 57F3875.000*. (Note: asterisk represents current fiscal year.) Commands (except Air Force Reserve (AFRES) receive funds for these programs as part of the direct authority furnished in their operating budget authority.

- SAF/FMB will separately identify the amount of the authority issued to each command in the remarks section of their operating budget authority document.
- DFAS-DE will centrally make reimbursable reports for this activity.
- SAF/FMB will advise DFAS-DE of the total anticipated reimbursements estimated to be realized from these programs each year.
- 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)7801-DE report under the functional category code and special RC/CC codes provided in DFAS-DE Regulation 170-5.

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). 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.

5.4.4. 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, don't 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 Business Operations Fund (DBOF) charges DBOF customers for military personnel labor expenses incurred by the DBOF business areas in supporting customer orders. The DBOF reimburses these amounts to the Military Personnel appropriation. See **Chapter 18**.

5.4.4.3. The *DoD Accounting Manual*, DoD 7220.9-M, Chapter 26, *Reimbursements*, provides additional guidance on reimbursing Military Personnel services.

5.5. Billing, Collecting, and Waivers:

5.5.1. When an initial billing within the Air Force, other DoD Components, and for non-DoD U.S. Government activities is under $500, the billing organization may suspend the billing. At the end of the year, if the suspended amount is less than $500, the billing organization may waive the billing for Air Force or other DoD Components. However, for non-DoD U.S. Government activities, at the end of the year, the billing organization must bill all suspended amounts even though the amount is less than $500. Make sure these waivers don't result in overobligating direct program funds.

5.5.2. Working capital funds and the Corps of Engineers Civil Works Revolving Fund can't waive reimbursement of any amount. Also, DoD doesn't permit waivers when the Department of Defense acts as an agent for a non-DoD entity or when billings apply to other Federal Government or non-Federal Government organizations. (See DFAS-DE Regulation 177-102 for billing and collecting procedures.)

5.6. Reporting Instructions:

5.6.1. See basic reporting instructions in DFAS-DE Regulation 177-101 (for installation level) and DFAS-DE Regulation 177-130 (for command level).

5.6.2. See DFAS-DE Regulation 170-9 for 30 September certification. It gives special guidance for moving unfilled customer orders to the next fiscal year.

5.7. Statutory Authorities. **Attachment 3** 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 (either another component of the DoD or another government agency) that meet the criteria in DFAS-DE Regulation 170-2 . Per DFAS-DE Regulation 170-2, you will apply this guidance regardless of what form you use (including Military Interdepartmental Purchase Requests (MIPRs)) to request the materiel, work, or services. (***NOTE:*** All forms you treat as project orders must include the following statement on the form: **"This order is placed per 41 U.S.C. 23 and DoD Instruction 7220. 1."**)

- Undelivered project orders may remain as unpaid obligations of the expiring fiscal year appropriation even if the project orders are intrafund. In these cases, move the unperformed project orders (or parts of orders) from the expiring FY to the new FY for the performing appropriation account. Continue to categorize the moved orders as intrafund orders even though the transactions cross two different FY accounts, for example, obligations in the old FY customer account and reimbursements (accounts receivable sales code 39) in the new FY performing account. All activities should keep these unperformed project orders to a minimum at FY-end.
- Make sure that the orders are true project orders as defined in DFAS-DE Regulation 170-2. Don't issue intrafund project orders that you know won't 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.

5.8.2. Economy Act Orders (31 U.S.C. 1535). 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 hasn't incurred obligations under that order (see DFAS-DE Regulation 170-8). 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. 2308, 2309). These are requests (MIPRs or other authorized purchase requests) 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 Regulation 170-8. 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 (MIPRs) are issued under the Economy Act; thus the deobligation requirement applies to MIPRs.)

5.10. Security Assistance Program Reimbursements. See DFAS-DE Regulation 170-3 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 Program (IMETP).

Section 5B—Appropriation Refunds

5.11. Using Refunds . Office of Management and Budget (OMB) Circular A-34 defines refunds as "recoveries of excess payments which are for credit to an appropriation or fund account." FM and DAO 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; don't 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:

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

- Collections from employee of lump sum leave payments on reemployment.
- Collections for unliquidated advanced leave.
- Collections for travel overadvances.
- Collections of refunded state gasoline taxes.
- Collections of witness and jury fees.
- Capital credit distributions of nonprofit cooperative corporations.
- Collections to DBOF accounting classifications pertaining to receipt of funds to cover government property lost or damaged (GPLD) when the DBOF controls the property.
- Collections for damages to military family or unaccompanied personnel housing.
- Recoveries collected from insurance companies, carriers, members, private parties, etc., pursuant to claims where the government has already paid the amount of the damage.

5.13. Refunds Receivable. To facilitate accrued expenditure and revenue accounting, DAOs recognize refunds in the account as soon as it has been determined that a refund is due the United States government. DAOs 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 DAO 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:

- Current annual appropriations may be reobligated during that year.
- Multiple-year appropriations may be reobligated during the designated years identified by the multiple-year citation.
- 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.
- Expired appropriations are available for obligational adjustments to the applicable expired account only.
- Canceled appropriations are deposited to Miscellaneous Receipts of the Treasury.

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

- Sales of services or materiel requiring reimbursement from the same appropriation, except when SAF/FMBM specifically authorizes intrafund reimbursements. Examples: Adjustments within single appropriation for support furnished tenants (if consistent with host-tenant funding policies specified in **Chapter 7**) and medical activities.
- Accounting adjustments for temporary charges made to an appropriation that are subsequently charged to another appropriation or to funds of another agency (see OMB Circular A-34 and Public Law 89-473).

- 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-DE centrally administers these special refund accounts (see DFAS-DE Regulation 177-101 and DFAS-DE Regulation 177-102).
- You may recover recoupments of utility connection charges through credits applied at a predetermined rate against billings submitted by the utility supplier (see AFI 32-5007 and DFAS-DE Regulation 177-102). Credit amounts so recovered to the current operation and maintenance appropriation financing the utility service rather than the construction appropriation which financed the connection costs.

Section 5C—Administrativeand Accessorial Costs

5.16. Special Guidance. Apply this section and **Figure 5.1.** to determine and charge administrative and accessorial expenses.

- **Administrative Costs.** These costs include items such as fees for copying, certifying, and searching records or other documents. A number of other Air Force instructions also cover fees or rates related to that particular activity or function.
- **Accessorial Costs.** These expenses include costs related to issuing, selling, shipping and transferring supplies, equipment, and other materiel to non-Air Force activities. Don't use this guidance for the USAF Security Assistance Program (see DFAS-DE Regulation 170-3). 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.
- 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. Don't charge other DoD components for accessorial costs. ***EXCEPTION:*** Charge DBOF 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.

5.16.3.1. 5.16.2.Air Force activities will budget for projected reimbursable accessorial and administrative charges. See DFAS-DE Regulation 177-102 for billing procedures.

5.16.3.2. 5.16.3.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 don't 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.

- Air Force DBOF (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 DBOF transportation funding responsibilities (FDT and SDT). Customers or users pay this standard price to the applicable Supply Management division of the DBOF. 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.
- Returns to the DBOF Supply Management divisions are creditable or noncreditable according to directives prescribing the returns. These DBOF credits may offset later billings for DBOF 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 DBOF 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 DBOF Division give credit as usual, and have the appropriation bearing the expense collect directly from the activity returning the item.
- When you sell or transfer items procured locally to a non-DoD activity, include only the accessorial cost elements you actually incur.
- **The DAO must add an accessorial charge when authorized non-DoD charge** sale customers purchase items in overseas commissaries. The DAO collects the accessorial charge from the customer. See DFAS-DE Regulation 177-23 for details.

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 AFM 67-1. To facilitate billing and collecting for shipments by the DBOF Transportation business area (formerly MAC ASIF), cite USAF customer identification codes and transportation account codes 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.

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

- Bill contract administration charges to other Federal agencies and private parties at the hourly rate established by DoD Comptroller per statutory or guidance requirements. Don't bill these charges within a DoD component or to another DoD component.
- 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. Don't 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 which had not transferred to the "M" accounts as of 5 November 1990 (P.L. 101-510). (Note: in the future, DoD Comptroller (DoD(C)) may require the Services to retain **line item detail** in addition to fiscal year identity. 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. Don't record obligations as hedges against future contingencies; these aren't valid obligations. Financial Management and Comptroller (FM) and Defense Accounting Officer (DAO) 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 Regulation 170-8, *Accounting for Obligations*, which are unchanged.

6.3. Determining Contract Changes and Upward Obligation Adjustments (P.L. 101-510, 31 U.S.C. 1553).

6.3.1. DoD(C) must approve within-scope contract changes **if**:

- The change requires additional work by the contractor, and
- It may be financed with prior year funds, and
- 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).

DoD(C) must notify the Congress of changes that exceed $25 million. (***NOTE:*** DoD(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 DoD(C) from other **upward obligation adjustments**. **Figure 6.1.** also includes a third category, **changes in contract scope**. (***NOTE:*** Public Law 101-510 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 aren't "contract changes." Charge such adjustments to the account cited on the original contract.)

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 P.L. 101-510, DFAS-DE Regulation 170-8, applicable Comptroller General decisions, the bona fide need rule, and this chapter. P.L. 101-510 doesn't 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 Regulation 170-8, Section B, for more on bona fide need.) 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 request 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 don't 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 didn't 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 Regulation 170-8, DFAS-DE Regulation 177-16, CG Decision 20-208730, 1983).

6.3.6.6. Foreign currency fluctuations (see paragraph 6.9).

6.3.6.7. Claims. In most cases, DAOs 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:***

- 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 when the board or court decides (DFAS-DE Regulation 170-8, paragraph 28).
- 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, don't fund claims on construction projects, including O&M-funded minor construction projects, from the project amounts, and don't 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 do not agreed upon before work begins.) Continually update definitization schedules for all UCAs issued. Make sure you definitize UCAs before funds expire.

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 doesn't change.

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.

6.3.7. 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 DoD(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. 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:

- The Air Force has a continuing bona fide need for the goods or services involved.
- The original contract was made in good faith.
- 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.
- 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.

6.3.7.4. Engineering change proposals (ECP), Value Engineering Change Proposals (VECP), solicited or unsolicited, and Contract Change Proposals. 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.

6.3.8. 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 doesn't have to report these transactions to DoD or Congress under P.L. 101-510. See paragraphs 6.4, 6-5 and DFAS-DE Regulation 170-8 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 doesn't 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. Note that these situations may also be within scope contract changes.

6.3.9. This chapter doesn't address funding procedures for contract options because they aren't 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

1. Award and incentive fees
2. Correct administrative errors
3. Correct accounting errors
3. 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)

Within-Scope Contract Changes P.L. 101-510

1. Contract modifications that require contractor to perform additional work
2. Differing site conditions
3. Reprocurements (Conditions)
4. ECP/VECP/CCP

Change in Contract Scope

1. Increase in quantities
2. Increase in deliverable services
3. Increase in # hrs worked
4. Increase in specifications (form, fit, function)
5. ECP/VECP/CCP

Applicable to Expired Year

Use Expired Year Funds

Applicable to a Closed Year

1% Applies
Use Current Year Funds - Payments Imminent

Use Current Year Funds

6.4. Using Current and Expired Appropriations :

6.4.1. Using Current Appropriations:

6.4.1.1. 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.

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. Don't use current year funds to finance adjustments applicable to expired years except as provided under Section 1004, FY 1993 Defense Authorization Act.

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't 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. Don't authorize payment against an appropriation account which has been closed. That is a reportable violation of the Antideficiency Act under DFAS-DE Regulation 177-16.

6.4.2.2.3. Except for the Military Construction and Family Housing Construction appropriations (3300 and 7040), within scope contract changes, 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 7040 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 whom 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't 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. P.L. 101-510 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 won't withhold funds based on this footnote. Generally, MAJCOMs should not withhold funds either.

6.5.2.2. Except for appropriations 7040 and 3300, SAF/FMBMC will provide part of the one percent limitation to each MAJCOM/FOA/DRU as a ceiling on all current year budget authorization documents. Commands will apply this ceiling to uses of $2,000,000 or less and send requests for increases to this ceiling to SAF/FMBMC. See paragraph **6.5.3.1.** below for 7040 and 3300 appropriations instructions.

6.5.2.3. SAF/FMBMC won't issue to the field a limitation related to payments or upward obligation adjustments exceeding $2,000,000. SAF/FMBMC will charge approved requests to the limitation retained at headquarters.

6.5.2.4. While the one percent limitation is a ceiling, SAF/FMB doesn't 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.

6.5.2.5. These ceilings are limitations subject to the Antideficiency Act. Report violations under DFAS-DE Regulation 177-16.

6.5.2.6. Use **ESP Code ZC** when you obligate current year appropriations to fund canceled account obligations and expenditures which you would have charged to the M account prior to its elimination.

6.5.2.7. 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/FMBMC for prior approval. This includes all proposed adjustments, including those under $100,000 which would cumulatively exceed this threshold.

6.5.3. Approving Upward Adjustments and Contract Changes:

6.5.3.1. For other than the 7040 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, DoD appropriation adjustments for which the limitation is no more than $100,000, and any canceled year availability of a procurement or RDT&E BPAC by $3.999M or more of the originally enacted amount {adjusted for reprogrammings, transfers in or out, supplementals and rescission }). MAJ-

COMs may redelegate 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 7040), SAF/FMBIC must approve upward adjustments of $100,000 and below, including contract changes. For upward obligation adjustments over $100,000 in these accounts, follow procedures in paragraph **6.6.**

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

- Payments against canceled appropriations exceeding $2,000,000.
- All upward obligation adjustments exceeding $2,000,000.
- Within scope contract changes exceeding $100,000.
- Adjustments to DoD appropriations (Treasure 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/FMBMC 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. **Don't** net upward adjustments against downward adjustments to avoid this approval requirement.

6.6.2. MAJCOM/FOA/DRU comptrollers must provide SAF/FMBMC with the information in **Figure 6.2.** when requesting adjustment and contract change approvals.

6.6.3. Except for Military Construction and Family Housing Construction (3300 and 7040), MAJCOM/FOA/DRU comptrollers may approve expired or merged appropriation account upward obligation adjustments that are less than or equal to $2,000,000. SAF/FMBIC must review all 3300 and 7040 appropriation requests for $2,000,000 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 DoD(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're at a base, forward inquiries on the status of requests to your MAJCOM/FOA/DRU. SAF/FMBMC will answer MAJCOM/FOA/DRU budget office inquiries. SAF/FMB won't respond to contractor inquiries; direct those inquiries to the program offices.

6.6.5. If you're at a MAJCOM or installation FM, work with DAO 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, submit all requests by 10 September. Discuss any request after 10 September with FMBMC prior to submission. Allow increased staffing time on adjustments for which the MAJCOM has no funding sources; accounts are under dispute; SAF/FMB requests SAF General Counsel review; and for accounts that may have to go to DoD Comptroller for approval.

Figure 6.2. Upward Obligation Adjustment And Contract Change Request.

UPWARD OBLIGATION ADJUSTMENT AND CONTRACT CHANGE REQUEST
I. PROGRAM/PROJECT INFORMATION 1. Program and/or project name. 2. Name of contractor or vendor. 3. Contract number. 4. Date of original contract. 5. Type of contract. If a time and materials contract, indicate whether the effort is/is not severable. 6. Contract purpose. II. ACCOUNTING INFORMATION: 7. Appropriation. 8. Fiscal year of adjustment. 9. Budget program account code (BPAC) for procurement funds, budget authorization account number (BAAN) for Military Family Housing and Military Construction funds, and program element (PE) for RDT&E and O&M funds. III. ADJUSTMENT NARRATIVE DETAIL: 10. Amount of the adjustment. 11. Expected obligation/liquidation date for adjustment. 12. Amount of additional obligation authority needed, if any. 13. Purpose of the adjustment. In some situations more than one condition may apply. Cite all conditions to speed processing of the request. Select from these standardized purposes: claim, contract closeout costs, incentive fee, award fee, administrative error, accounting error, cost overrun, price inflation (escalation or economic price adjustment), foreign currency fluctuation costs, target to ceiling, and reprocurement. 14. Justification for using expired funds or current funds when the appropriation properly chargeable has been canceled. This justification should be complete and explain why an adjustment is properly chargeable to the type of funds requested. Don't merely restate the purpose of the contract. State what events have occurred that require an increase in the amount of funds originally obligated for this effort. When the increase is caused by a design or specification change, state when that change was incorporated into the contract. If the increase is due to an estimating error, explain the basis of the original estimate. For RDT&E, upward adjustments, provide the period of performance as well as the date of the contractual instrument authorizing the work. For all adjustments, include supporting and convincing arguments to justify obligating expired funds.
IV. HISTORIC OBLIGATION INFORMATION: 15. Current amount obligated against this contract. 16. Total amount obligated for the program, project, or activity. 17. Amounts previously deobligated from this contract or other relevant obligating document.

UPWARD OBLIGATION ADJUSTMENT AND CONTRACT CHANGE REQUEST

18. Amounts previously deobligated for the program project or activity.

V. SOURCE OF FUNDS:

19. Identify the appropriation to be used for funding the adjustment. If current year funds must be used to support an upward obligation adjustment related to a canceled appropriation, indicate this requirement. If current year funds are identified to support a contract change, indicate this requirement. If expired year funds are used to support an upward adjustment, identify only the appropriation to be used. Even though no other additional information must be supplied, certifiers of the request must verify that the increase in funding doesn't exceed statutory limits.

20. Source of deobligations, if applicable. State contract number, fiscal year, appropriation and PE, BPAC, MFP, or project for each deobligation which will finance the upward obligation adjustment. Identify the source of the deobligation.

VI. DETERMINATIONS:

21. Determine that this adjustment is or is not a contract change. Paragraph **6.3.** defines contract change. Include the name, title and telephone number of the contracting officer making this determination (along with the name of any legal personnel providing advice if desired). Signature is required.

22. Determine that this adjustment is/is not within the scope of the original contract. Include the name, title and telephone number of the contracting officer making this determination (along with the name of any legal personnel providing advice if desired). Signature is required.

23. Determine that this adjustment is a proper charge to the funds identified in lines 7, 8 and 9 above. Include the name, title and telephone number of the Accounting and Finance Officer making this determination. Signature is required.

24. Determine that the adjustment will not exceed the statutory and administrative limits per DFAS-DE regulation 177-16 and public law (authorization/appropriation bill limitations) established for the program, project, budget line, or appropriation. Include the name, title and telephone number of the Budget Officer making this determination. Signature is required.

VII. MAJCOM/FOA/DRU COMPTROLLER SIGNATURE:

25. The MAJCOM/FOA/DRU comptroller must sign any upward obligation adjustment request exceeding $2,000,000 ($100,000 for within scope contract changes and DoD appropriations, Treasury Index Code 97) before forwarding to SAF/FMBMC. We recommend that you prepare the packages at the lowest level (i.e. action officer/FM personnel at base level) with a cover letter from the MAJCOM/FOA/DRU comptroller. MAJCOM comptrollers may delegate approval authority to the MAJCOM Director of Financial Analysis. SAF/FMBMC will return to the sender requests for all upward obligation adjustment and contract change where the requesting signature is at a level lower than MAJCOM/FOA/DRU comptroller or delegated FMA or FMB.

Note: See paragraph **6.6.** MAJCOM/FOA/DRU Comptrollers must provide this information to SAF/FMBMC and obtain prior approval for all adjustments (including accounting error correction transactions) greater than $2,000,000 that involve any individual action or contract.

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 which 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 doesn't complete the cycle until the next fiscal year when the account is closed.

6.7.3. Accounting error correction transactions. Don't process accounting error transactions against closed accounts (see paragraph **6.3.8.**) for more information on accounting errors). MAJCOMs must send accounting error corrections over $2,000,000 to SAF/FMBMC for approval prior to recording the transaction against current year appropriations. Follow procedures outlined in paragraph **6.6.** and **Figure 6.2.**

6.8. Complying with the Antideficiency Act . In accordance with DFAS-DE Regulation 177-16, 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 new 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).

6.9. 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/FMBMC 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, in executing Public Law 101-510 requirements, 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/FMBMC review of changes over $100,000, for the DoD appropriations as specified in this guidance. All financial managers must ensure that the obligations recorded don't 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 Regulation 170-8 permits recording only those transactions which meet specified standards for legitimate obligations. Section B of DFAS-DE Regulation 170-8 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 Defense Accounting Officer (DAO) 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 expired, 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 Accounting Manual 7220.9-M, Chapter 25, states that all upward obligation adjustments against expired appropriation accounts (including P.L. 101-510 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/FMBMC must approve these adjustments before recording in the accounting system. Don't 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/FMBMC.

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 Regulation 170-8 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 quarterly review of expired (especially fourth and fifth year) account balances.

6.12.3. To guarantee a thorough review, MAJCOMs will:

- Ensure that field activities follow guidance in DFAS-DE Regulation 177-102 (paragraphs 10.22 and 11.14.3) and DFAS-DE Regulation 177-120 (paragraph 2.44) for validity review and update procedures.
- Ensure that your files document the follow-up effort and provide a clear audit trail supporting adjustments.
- Provide support to field activities regarding non-response to follow-up action.
- Meet promptly with contracting officers if follow-up action to procurement offices does not receive adequate or timely attention.
- 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. Don't 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 accounts 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/FMBMC. 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/FMBMC 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-Denver Center, charge obligated due-outs to a like year appropriation to comply with legislative requirements to maintain fiscal year identity. (Note: The Project Fund Management Record (PFMR) and Organization Cost Center Record (OCCR) records will identify actual year of obligation for current year plus five expired fiscal years, effective with a 1 April 1992 Standard Base Supply System (SBSS) release).

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; don't 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.

- Apply normal reprogramming (DD Form 1415-1) procedures and thresholds.
- 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.
- 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.
- 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:

- 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 (exception is closed "M" years).
- 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. Don't 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**.

- 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.
- 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 to indicate that the threshold amount has been exceeded due to canceled account adjustments.
- 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.
- Congressional Special Interest restrictions annotated on the current year DD 1414, **Appropriated Base for Reprogramming**, apply.

6.14.3. 6.14.4.Within-scope contract changes and upward obligation adjustments using expired year funds. DoD Comptroller doesn't 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. Because expired appropriations continue to be available for obligation adjustments, appropriation managers and MAJCOMs don't usually withdraw field-level funding documents (allocations, allotments, etc.) upon expiration of an appropriation (see **Chapter 3**). Continue to comply with fund authorizations established by these funding documents until the funds issuer revises the document or the appropriation is canceled. (Note: these fund authorizations aren't available for new obligations, but are maintained to control amounts required for upward adjustments or valid obligations incurred but not recorded during the life of the appropriations.) For violation purposes (Title 31 U.S.C. and DFAS-DE Regulation 177-16), you must apply obligations incurred (but not recorded until after the appropriation expires) against the availability in the administrative subdivision in effect at the time the obligations were actually incurred.

6.16. Monthly and Fiscal Year-End Reporting Requirements for Transactions under $100,000

(RCS: DD-Comp(AR)1092, Budget Guidance Manual applies). This RCS applies to both monthly and fiscal year-end reporting requirements (6.16.1. and 6.16.2.).

6.16.1. Monthly Reporting Requirements. Report all within scope contract change adjustments $100,000 and under to SAF/FMBMC not later than the 15th of the month following the month reported. Negative responses are required. SAF/FMBMC will consolidate monthly reports on within scope contract changes in order to monitor program, project and activity adjustments as required by P.L. 101-510. The report title is "Within Scope Contract Changes Equal to or Less Than $100,000 for (month/year), OAC xx." Include the following information in the report:

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

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

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

6.16.1.4. Funding Source.

6.16.2. Fiscal Year-End Reporting Requirements:

6.16.2.1. Report approval of upward obligation adjustments and use of current year appropriations for canceled requirements equal to or less than $2,000,000 for the entire fiscal year. Submit reports to SAF/FMBMC not later than 15 October following fiscal year-end. Negative reports are required. The report title is "Fiscal Year-End 19xx Report of Prior Year Account Adjustments (Including Related Current Year Charges) Equal to or Less Than $2,000,000 for OAC xx."

6.16.2.2. The report will consist of three columns of information: Appropriation (APPN); Fiscal Year (FY); and Type of Transaction.

6.16.2.2.1. For column (1), "APPN," report only totals by appropriation ($ thousands).

6.16.2.2.2. For column (2), "FY," identify the funding source by fiscal year.

6.16.2.2.3. For column (3), "Type of Transaction," choose from two possible types. These are: (a) Use of Current Year funds for upward obligation adjustments against canceled accounts where disbursement will occur before expiration of the current year and (b) Use of Expired Year funds for upward obligation adjustments and within-scope contract changes.

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:

- Other Air Force activities (**intraservice support** - includes Air Force, Air Force Reserve, and Air National Guard)).
- Component organizations of other Department of Defense (DoD) departments and agencies (**interservice support**).
- 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:

- Project Orders (41 U. S. C. 23)
- Economy Act Orders (31 U. S. C. 1535)
- Orders for Procurement by Another DoD Component (10 U. S. C. 2308, 2309)
- Orders from Stock for Supplies, Materiel, or Equipment of Another DoD Component.
- Orders Required by Law To be Placed With a Government Agency, e.g.:
- 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).
- General Services Administration (Federal Supply Schedule).

7.3. Responsibilities:

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

- The originator or manager coordinates the support agreement with the office of the Director, Financial Management/Comptroller (FM).
- The FM activity maintains a file of agreements.
- The Comptroller, or designated representative, signs all agreements (see DoD Instruction 4000.19 and AFI 25-201).

7.3.2. Comptrollers or designated representatives and the organizations providing reimbursable support will develop procedures to ensure reimbursements are collected.

7.3.2.1. (Added-30SW) Vandenberg's comptroller personnel or their designated representatives use the following forms to ensure reimbursements are collected:

7.3.2.1.1. (30SW) 30 SW Form 5608, Direct Labor, identifies civilian personnel that will be working in support of various programs within the Western Range.

7.3.2.1.2. (30SW) 30 SW Form 5609, Direct Travel, identifies trips that will be taken in support of various programs within the wing.

7.3.2.1.3. (30SW) 30 SW Form 5616, Other Direct Costs, identifies various support not covered by other forms within the estimate package.

7.3.2.2. (Added-30SW) Range Program Support Managers (PSM) and Wing Offices of Primary Responsibility (WOPR) use 30 SW Forms 143, Range Contractors Estimate Summary, 144, Range Configuration Estimate, 145, Data Transfer Estimate, 146, Data Support Estimate, 147, Support to Range Detail, and 148, ROMSSC Variance Analysis, to identify various systems, equipment, radars, etc., in support of Vandenberg's Western Range (i.e. launches, flight missions, etc.). PSM and WOPR complete 30 SW Form 149, 30th Space Wing Estimate Summary, to summarize all estimated support.

7.3.2.3. (Added-30SW) 30 SW organizations use 30 SW Form 5605, Request for 30 SW Job Order Number Action, to establish a Job Order Number (JON) for a new program or make changes to an existing JON: Costs for the program are collected and billed when applicable through the Job Order Cost Accounting System (JOCAS). Send completed forms to 30 CPTS/FMA, 1031 California Blvd., Suite A210, Vandenberg AFB, CA 93437-5260.

Section 7B—Intraservice Relationships (Within the Air Force)

7.4. General Host-Tenant Responsibilities:

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

- Provides administrative and logistical support to the tenant under AFI 25-201 and this section. The tenant requirements must be consistent with the unit precedence in the USAF Program, Bases, Units, and Priorities Documents (PD).
- Administers funds made available by the tenant's parent command to support the tenant.

7.4.2. The tenant command:

- Advises the host command of tenant requirements early enough to permit consideration when the host formulates its budget and financial plan and revisions.
- When the host command asks, furnishes program guidance and factors so the host can include tenant support requirements in host budget estimates and financial plans. The tenant provides similar guidance when the host base budget office provides budget support to the tenant under AFI 25-201.
- 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:

- Revise AFI 25-201 agreements depending on the size of the tenant's requested changes and their effect on the host's support capability.
- Follow procedures in AFI 25-201 when support agreements are required and commands can't agree.

- Follow **Figure 7.1.** in assigning intraservice host and tenant funding responsibilities. It identifies services or materiel that tenants usually need from operation and maintenance-type (O&M) and research, development, test and evaluation (RDT&E) appropriations. The figure shows the command that has budgeting and funding responsibility, and in part summarizes **Section 7B**.

7.4.4. Apply **Figure 7.1.** to all tenants, except as noted in paragraph 7.7.4 (whether the tenant is on host base property or off-base). **Figure 7.1.** notes exceptions for off-base tenants.

7.4.5. If the support services aren't covered in **Figure 7.1.** or **Section 7B**:

- Prepare and negotiate a host-tenant agreement, following AFI 25-201, which identifies responsibilities for services that aren't covered.
- Forward such agreements through prescribed command channels for approval.

7.4.6. You may need more guidance on host-tenant relationships and specific budgeting and funding responsibilities involving Air Force Reserve (AFRES), Air National Guard (ANG), and Defense Business Operations Fund (DBOF) organizations. If so, see: AFRES, Chapter 15; ANG, Chapter 16; DBOF, Chapter 18; DoDI 4000.19, Interservice, Interdepartmental, and Interagency Support; and DFAS-DE Regulation 170-10, *Air Force Industrial Fund*.

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

Service	Host Command	Tenant Command
1. Commercial transportation (outbound second destination).	All except shipments in connection with a tenant PCS and TDY.	Shipments in connection with tenant PCS and TDY.
2. Communication services (see notes 1 and 2).	Common-user communication services, except for long-distance service.	All toll charges beyond the metro-politan area serviced by the host's communication facilities, and for 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.
4. Dormitory furniture and furnishings.	All TA 414 requirements, except off-base tenants with dormitory main-tenance responsibility.	Special category requirements such as alert facilities, SAGE centers, ready rooms, etc.
5. Leased real property.	Jointly occupied facilities.	Facilities occupied solely by the tenant.

Service	Host Command	Tenant Command
6. Maintenance:		
a. Other than RPMA projects.	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 tenant.
b. RPMA projects (includes maintenance, repair, and minor construction).	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.	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.
c. Real property installed equipment (RPIE).	For all maintenance of RPIE in on-base facilities whether done by in-house work force or contract.	For all maintenance of RPIE in off-base facilities whether by host work force or by contract.
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.
8. Rentals:		
a. Vehicles such as local taxis, buses, etc. (AFM 77-310 vol I) 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.
b. All vehicles per AFI 24-301.	If rented to supplement the host's vehicle authorization.	If rental supplements the tenant's vehicle authorization.
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.
d. Locally procured investment equipment.	If rented to fulfill tenant's approved equipment authorization. (See paragraph 7.7.3.2 for exceptions for RDT&E tenant.)	

Service	Host Command	Tenant Command
e. Post Office boxes.	If rental is for the host's convenience.	If rented for the tenant at the tenant's request.
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 access multiple computers, or a computer external to the Air Force.	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 Force, and tenant is user.
9. Support functions common to all tenant organizations to the extent they are not self-supporting:	Host responsibility.	(Note 3.)

Service	Host Command	Tenant Command
Administration of athletic and recreational personnel. Commissary. Comptroller. Dependents education. Data processing equipment. Exchange. Food Service. Ground safety. Intelligence. Information service. Laundry and dry cleaning. Legal. Medical. Off-Duty education. Property Disposal. Procurement & contract services. Reproduction services (AFI 37-162). Religious. Security Supply control & warehousing. Officer & Enlisted quarters. Fire protection.		
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.
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.

NOTES:

1. Tenant units off base fund all communication services 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.

7.5. Tenant Command Funding Responsibilities. The tenant command budgets, funds, and provides for the following tenant requirements:

7.5.1. Civilian personnel costs.

7.5.2. Travel costs for assigned military and civilian personnel.

7.5.3. Purchase of expense materiel, supplies, and equipment from DBOF Supply Management (previously stock fund) divisions and local procurement sources (non-DBOF).

- This includes ground fuels such as gas, oil, and other lubricants issued to or procured by the tenant for vehicles and other ground powered equipment which are the property of or are permanently dispatched to the tenant.
- It also includes gratuitous replacement of uniform clothing lost, damaged, destroyed, or otherwise rendered unserviceable through no fault or neglect of the owner.
- ***EXCEPTIONS:*** (Applies to tenant units on the host's installation)**:** dormitory furnishings and furniture specified in TA 414; janitorial, cleaning, and personal hygiene items (such as cleaners, waxes, toilet tissue, mops, brooms) needed to maintain the living quarters at the host command's standard for permanent occupancy (tenant unit may provide their own cleaning supplies for the their dorms); and expense materiel provided to the "host base support tenants." But, if the tenant unit is geographically separated and must maintain its own dormitories (including custodial services, budgeting, and funding), the tenant's parent command must provide dormitory furnishings and furniture.

7.5.4. All contractual services, except contract custodial services for on-base facilities and other on-base, civil engineering services done under contract such as trash hauling, snow removal, and contracts required to provide common services (item 9, **Figure 7.1.**). (**Figure 7.1.** lists the tenant command's responsibilities for custodial services of operational facilities, contractor facilities, and off-base units.)

7.5.5. Maintenance:

7.5.5.1. Usually, the host must pay for intermediate, in-house maintenance of host and tenant aircraft, missiles, and all other equipment, unless the host base doesn't have the personnel specialists, equipment, and facilities to do intermediate maintenance; or unless the tenant is organized to perform the maintenance as specified in AFI 25-201 and AFI 21-101, in which case the tenant has the budget and funding responsibilities. ***EXCEPTIONS:***

- Vehicle maintenance, for which you determine funding responsibility based on possession and ownership of the vehicles.

- Maintenance of unique equipment (see paragraph **7.5.5.3.** and **7.5.5.4.** below).

7.5.5.2. When there a host base can't do all in-house maintenance without letting contracts, show in the agreement how to determine costs for the host and tenant.

7.5.5.3. When the host base can't maintain equipment that needs maintenance and uses contracts for all intermediate level maintenance on these items, the tenant must fund contract maintenance on all of its equipment (full time use or permanent dispatch), as documented on accountable records of the host EMO and vehicle authorization lists. This includes all mission support equipment, common support equipment, other ground equipment, communications equipment, vehicles, and any other equipment that is the tenant's property, except the tenant's office machines and equipment, dormitory furniture and furnishings (TA 414), and real property installed equipment (RPIE).

7.5.5.4. The tenant must fund all expense materiel, parts, tires, batteries, antifreeze, subassemblies, and civilian labor costs required to maintain vehicles that are the property of or are permanently dispatched to the tenant. The tenant pays for vehicle maintenance services through reimbursement or refunds using the on-line, interactive, vehicle management system (OLVIMS).

7.5.5.5. The tenant must pay for all expense materiel required to repair equipment peculiar to the tenant's mission (excluding aircraft and missiles), if the host base would need special capability to repair it. An example is equipment unique to the tenant repaired in the host base's precision measurement equipment laboratory (PMEL) and requiring special parts or expense materiel. The tenant funds for unique PMEL support. Determine special support requirements for repairing and calibrating the tenant's unique equipment during AFI 25-201 negotiations.

7.5.5.6. This includes expense materiel for maintaining assigned aircraft, missiles, and equipment, except for intermediate level maintenance the host does when the tenant isn't organized to do it, and for maintaining RPIE.

7.5.6. Tenant units budget and fund for their cargo movements when payment is chargeable to organizational O&M funds.

7.6. Host Command Funding Responsibilities. The host command budgets, funds, and provides for these tenant requirements:

7.6.1. Allowances of dormitory furnishings and furniture specified in TA 414 and janitorial, cleaning, and personal hygiene items necessary to maintain the living quarters (on-base tenants only).

7.6.2. Locally procured investment equipment (including rental) the tenant requires to fulfill its approved equipment authorization.

7.6.2.1. Base procured investment equipment (BPIE) items. The host command buys these investment items locally using BP*84XXXX, 57*3080 appropriation funds.

7.6.2.2. Renting investment items instead of buying them. The host base uses its O&M funds. ***EXCEPTIONS:*** Use RDT&E funds to rent investment equipment for an O&M-funded tenant on an RDT&E-funded host base. Also, an RDT&E tenant funds procurement or rental of investment equipment for RDT&E tenants on an O&M-type host base.

7.6.3. Intermediate-level maintenance for the tenant if the tenant is not organized to do it. This maintenance includes calibrating, repairing, or replacing damaged or unserviceable parts, components, or assemblies except as outlined in paragraph **7.5.5.** (Doesn't apply to Air Logistics Centers-AFMC).

7.6.4. Expense materiel the host uses to maintain buildings and ground the tenant occupies and to provide base support common to all people and organizations, to the extent that the tenant is not self-supporting. Examples are dependents' education, fire protection, ground safety, information service, laundry and dry cleaning, legal services, officers quarters, and enlisted dorms.

7.6.5. Procuring expense RPIE.

7.6.6. Data processing equipment, including control panels in the tenant activity, used mainly for common management support.

7.6.7. Operating and maintaining a leased or rented building off base, including any part a tenant occupies, with no charge to the tenant for their partial occupancy.

7.6.8. Expense materiel issued on a nonreimbursable basis to tenants satellited on or near a base as indicated in 7.7.4 below.

7.6.9. Contract maintenance for all office machines and equipment, dormitory furnishings, and furniture.

7.6.10. Architectural and engineering (A&E) design services. These are "common support" functions. The host is responsible for budgeting and funding support functions common to all tenant organizations to the extent the tenant is not self-supporting. ***EXCEPTIONS:***

- Contract services for off-base tenant units when the host can't do it in-house.
- Design of minor construction projects for allied support included in the Air Force's standard communications-computer programs. The implementing command will finance the cost of an A&E design contract. The host's in-house design costs for A&E aren't reimbursable.

7.7. Handling Unfunded Requirements. The tenant must tell the host its requirements early enough to allow consideration during budget formulation. When the host isn't informed budget lead time away, the tenant may not "demand" funding from the host. If funds aren't 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. Follow billing and collection procedures in chapter 29, DFAS-DE Regulation 177-102.

7.8. Exceptions to General Host-Tenant Responsibilities:

7.8.1. Host Base Support Tenants:

7.8.1.1. If an Air Force tenant is satellited on or near the host mainly to support the host command's units, the host base budgets, funds, and provides for tenant requirements except for civilian pay, military and civilian suggestion cash awards, and temporary duty travel (TDY). For the following tenants, don't apply **Figure 7.1.** they fall under this funding exception:

- Air Force Special Security Officer System.
- Mobile Training Detachments and Field Training Detachments.
- Air Weather Service Detachments, Base Weather Station Divisions, and Branches.

- Office of Special Investigations (OSI) District Offices an Detachments. (See paragraph **7.8.1.3.**)
- Air Force Audit Agency resident, representative, liaison, and regional offices.
- Air Force Reserve Medical Service Units (MSU), if co-located and assigned to active duty medical facilities for training. (Applies to personnel in a non-TDY status only).
- Air Force Judicial Circuit Offices.
- HQ Civil Air Patrol (CAP) USAF and CAP Liaison Offices.
- Aerospace Audiovisual Service detachments providing base audiovisual support. This support comprises base photo laboratories, graphic arts, presentations, and base film library, and must primarily support the host.
- Detachment 4, Air Force Broadcasting Service (AFBS) support provided to 3420 Technical Training Group, Lowry Technical Training Center to maintain radio and television equipment used for training in the Television Equipment Specialist Course (G3ABR30435-001), the Broadcast Television System Maintenance Course (G3AZR30455-002), and the Visual Information Production Documentation Specialist Course (G3ABR23133-000). Host base funds all parts and supplies required to maintain host base equipment in operational condition.

7.8.1.2. Don't apply the above exception to the headquarters or subunits of the tenant (except those located solely for the support of the host command). They must fund for their requirements according to 7.7.2 above, even though they receive logistic support from the same host base.

7.8.1.3. HQ AFOSI budgets and funds for:

- Emergency roadside repairs and off-base purchases of gasoline and oil for government-owned vehicles assigned to the OSI; and
- Camouflage fatigues and mobility bags when the requirement is not specified in mobility taskings (for example, unified and specified OPLANs).

7.8.1.4. Because some of the tenants listed above offer diverse services to the host base, you may need to sort out what the host base pays for. For example, if the host base supports a tenant of another command and the tenant command needs a special weather or communication unit, then the tenant's parent command must negotiate with the command that provides the special support.

7.8.2. Defense Business Operations Fund (DBOF):

7.8.2.1. Usually, DBOF activities both pay and are reimbursed for all costs (direct, indirect, general and administrative (G&A)). (***NOTE:*** Defense Commissary Agency (DECA) is the exception). As a result, DBOF tenant activities are a major source of reimbursable O&M Total Obligation Authority. The host and DBOF activity will negotiate, document, and maintain these reimbursable requirements in a support agreement at the installation, as DoDI 4000.19 and AFI 25-201 require. DoD Instruction 4000.19 and AFI 25-201 show how to allocate costs. The following program element codes define base support resources provided to DBOF activities:

- XXX19 - child care.
- XXX20 - family support programs.
- XXX54 - pollution.

- XXX56 - environmental compliance.
- XXX76 - minor construction projects <$300,000.
- XXX78 - real property maintenance/repair.
- XXX79 - real property.
- XXX90 - audio-visual information services.
- XXX95 - base communications.
- XXX96 - base operations.

7.8.2.2. As of 1 October 93, active DBOF business areas on Air Force installations include:

- Defense Printing Service (DPS).
- Defense Finance and Accounting Service (DFAS).
- Defense Commissary Service (DECA).
- Defense Reutilization and Marketing Service (DRMS).
- Depot Maintenance Business Area (DMBA).
- DBOF-Air Mobility Command (DBOF-AMC) (does not apply when an AMC unit is a tenant on a non-AMC base). ***NOTE*:** DBOF-AMC will return to Operation and Maintenance funding in FY 1995.
- DBOF-TRANSCOM (DBOF-T).
- Base Support Business Area (limited to laundry and dry cleaning operations at Kadena AB, Eglin AFB, Azores, Turkey, Loring AFB). Note: O&M will fund these activities beginning in FY 1995.
- Supply Management Business Area (SMBA).

7.8.3. Air Education and Training Command (AETC) Leased Government Quarters for Recruiting Services Personnel. (***NOTE:*** Effective FY 1983, no new domestic leases have been authorized.)

7.8.4. TDY of Aircrew Members. The mission-support manager funds TDYs for aircrew members assigned or attached for AFI 36-2212 training, when they are working as crew members, regardless of the organization to which they're assigned for primary duty.

7.8.5. Funding for Rotational Units and Deployments:

7.8.5.1. Because members of rotational units and deployments are TDY and the host operationally controls assigned aircraft, these units aren't bona fide tenants. Don't apply normal host or tenant procedures. 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.

7.8.5.2. You should also apply funding guidance for rotational units, deployments, and JCS exercises to ANG and AFRES 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.

7.8.6. Refueling Transient Air Force Vehicles. The Air Force installation providing the refueling support will fund the refueling of transient vehicles owned or operated by the Air Force. Don't apply this guidance to ANG, AFRES, or non-Air Force vehicles. These activities will continue to fund their refueling requirements.

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

- The command to which personnel are assigned funds TDY and civilian pay.
- The command with operational control of the aircraft finances all other costs (including base and intermediate maintenance, and contract quarters).

7.8.8. Allied Support. Air Force C4 Agency (AFC4) programs, budgets and funds for minor construction projects by contract (EEIC 529) under $300,000 which provide allied support for multi-command downward-directed Air Force standard communications or computer programs.

7.8.9. 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.

7.8.10. Government Support Provided Contractors:

7.8.10.1. Apply the guidance in paragraphs **7.5.** and **7.6.** when the host command furnishes an on-base contractor logistical support under a tenant-funded contract. The command that must accomplish the contract will reimburse or refund the host base using the same funds cited in the basic contract. Don't allow the funding command to make the reimbursement through the contractor.

7.8.10.2. 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:*** don't apply this guidance to contract field teams doing on-site maintenance under AFMC maintenance (DBOF), or O&M-funded contracts. The local base supply officer provides materiel support to these activities as prescribed by AFMAN 23-110.

7.8.11. Payment for Official Mail . Each installation and geographically separate unit (GSU) must budget and fund for their own official mail requirements. (The Air Force decentralized its official mail budget in FY 1992.) Apply the following guidance:

7.8.11.1. Host organizations must provide official mail to non-Air Force or DoD tenants without reimbursement, whenever tenant requirements are less than $10,000 per year. Host organizations (Air Force or other DoD) must support Air Force units under the same conditions.

7.8.11.2. Current host-tenant agreements will say whether or not the base provides postal support to the tenant. Each base should revise its host-tenant agreement to cover cost for official mail. Usually, if the base supports the tenant, the base should also support the tenant's postal requirements (see paragraph **7.8.1.**). Your host-tenant agreement should also state who pays for postal requirements above the budgeted amount.

7.8.11.3. Tenants geographically located on a base but not directly supporting it will pay for their own postal requirements; or the base will provide reimbursable postal service. Ultimately, the Information Manager (IM) decides how to provide the best postal service.

7.8.11.4. When an organization transfers from one Air Force base to another, the moving organization must coordinate the transfer of budgeted postal support to the new location. A newly-created organization locating on a base must pay that base enough postal money until host-tenant agreements can work out postal requirements.

7.9. Disposing of Turn-in Credits:

- When one or more tenants deactivate or depart and have accrued stock fund credits, any remaining tenant units funded by the same parent command will use the stock fund credits. If none of these units remain, the DBOF 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.
- Follow criteria in stock fund (DBOF) guidance to credit turn-ins of expense materiel.

7.10. Billing Tenants:

- 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.
- You may waive billings when the accumulated charges against a reimbursable tenant don't exceed $125 for any calendar quarter. ***EXCEPTION:*** Don't apply this waiver to DBOF transactions or support.
- See DFAS-DE Regulation 177-102, chapter 29, for billing procedures on support rendered to a tenant, and DFAS-DE Regulation 170-25, chapter 10, for stock fund materiel billing procedures.

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:

- Concurrent with submitting the agreement to HQ USAF, gaining and losing commands must forward revisions to their annual financial 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.
- 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 Regulation 177-101, part 4, for transfer of funding responsibilities.

7.12. Reimbursing Landing Fees and Base Maintenance for Transient Aircraft. See AFI 10-1001 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.

- ANG aircraft.
- USAFR aircraft.
- Other Air Force aircraft (except see paragraph **7.12.2.**)

7.12.2. Air Mobility Command's (AMC) Defense Business Operations Fund (DBOF-T, formerly ASIF) Aircraft.

- Reimbursement is required. For ANG, USAFR, and AMC DBOF-T aircraft, the above policies are reciprocal. In other words, Air Force bases won't bill ANG or USAFR for transient maintenance on ANG or USAFR aircraft nor will ANG and USAFR bill the Air Force for transient maintenance on Air Force aircraft. Conversely, DBOF-T bills Air Force for maintenance on Air Force aircraft and Air Force bills DBOF-T for maintenance on AMC DBOF-T aircraft.
- AMC makes the charges and credits to AMC DBOF-T and O&M funds centrally at AMC (that is, bases are not individually reimbursed and should budget for the direct costs of maintenance on AMC DBOF-T aircraft). AMC DBOF-T doesn't require documentation for transient maintenance on AMC DBOF-T aircraft by Air Force bases and on Air Force aircraft by AMC DBOF-T activities under the central billing procedure.

7.12.3. Non-Air Force Aircraft. Reimbursement is required. Accumulate individual transactions of less than $125 for another DoD activity within a fiscal quarter. If they amount to less than $125 during the quarter, the provider may waive reimbursement. 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.

7.13. Supporting Commissaries. The Defense Commissary Agency (DECA) includes each Military Department's commissary system. For the AF, this includes troop issue activities (until 1 October 1994) and resale stores. As a DBOF 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 (*Interservice, Interdepartmental, and Interagency Support*, April 15, 1992). 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. DoD 5105.55-R, *Defense Commissary Agency*, provides guidance on operating DECA.

7.14. Investigating Aircraft Accidents . Provide funding support as follows:

- The host installation supporting the investigation funds for any in-house support.
- The commands to which board members and witnesses are assigned pay for their TDY travel.
- The investigating command funds other support costs (for example, leasing of vehicles or special equipment, leased communications, and other contractual services).

Section 7C—InterserviceRelationships

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

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:

- Ordering agency must budget and fund for the cost of the items or services ordered.
- Procuring or performing agency must budget on a reimbursable basis. Fund the materiel or services for the ordering agency the same as for similar productions or services for your own account.

7.16.3. Under category two (direct cite):

- 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.
- Unless the departments otherwise agree, don't accept or issue Military Interdepartmental Purchase Requests (MIPRs) citing expiring appropriations (must be obligated by 30 September of that fiscal year) after 31 May.
- 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 doesn't mean they will obligate all such funds.
- These instructions don't 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 section 601 of the Economy Act (31 U.S.C. 1535) are subject to deobligation as prescribed by 31 U.S.C. 1535 and implemented by DFAS-DE Regulation 170-8. Retain all other orders on the accounting records until liquidated, adjusted, or deobligated according to normal procedures.

7.16.5. Issue project orders to a DoD agency only on a reimbursable basis. (Don't issue project orders to any activity that is responsible for furnishing the required materiel or services without reimbursement.)

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. Use chapter 26 of the *DoD Accounting Manual* (DoD 7220.9-M) 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 (DBOF) operations, and foreign military sales. (***NOTE:*** Reimbursable percentage rates for labor are in DoD 7220.9-M as implemented by DFAS-DE Regulation 177-102.)

7.17.2. Compute charges for cross-servicing by activities operating an industrial fund cost accounting system according to Defense Business Operations Fund guidance and the business area's approved charter. DoD guidance on common service warehousing (that is, nonreimbursable) doesn't 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't be incidental to another cross-service and can't 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.)

- ***EXCEPTION:*** you don't 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.
- 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 isn't able to deliver within 60 days, it may agree with the ordering activity to delay delivery, but in no event beyond 120 days.
- 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. Don't change the financing method shown in the acceptance. You don't 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:

- By reimbursement upon delivery (Category One).
- By direct citation of ordering agency funds (Category Two).
- 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:

- **Category One.** By reimbursing upon delivery or performance or upon settling progress billings for orders placed with industrial funds.
- **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. Don't 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:

- 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.
- If the procuring agency doesn't 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**:

- The ordering agency will administratively reserve funds for any contingencies indicated in the contract for which it is liable.
- 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 couldn't 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:

- Include in budget estimates, annual financial plans, and procurement programs, estimated anticipated reimbursements based on known and forecasted requirements of the other military agencies and experience factors.
- Revise your procurement program to show the anticipated reimbursement changes in cases for which you're 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.
- 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, completing both certificates, and charging funds provided in the project order. Reference reimbursement billings to the order number.
- 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:

- Budget and fund under applicable appropriations for requirements to support assigned mission responsibilities
- 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.
- 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've 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:

- Include funds citing the ordering agency's funds on all contracts and other documents the Air Force completes for the ordering agency.
- 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.
- Promptly distribute all subsidiary documents issued under an order.

- 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 Agencies (DLA) as DLA prescribes for their appropriations.

7.20. Processing Commitments and Obligations. Follow DFAS-DE Regulations 170-8 and 170-13.

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. Base 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—SupportOf 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's 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.

- Unless otherwise provided for in departmental agreements, determine charges for materiel, work, services and overhead according to paragraph **7.17.** and chapter 26 of DoD 7220.9-M, *The DoD Accounting Manual*. Compute industrial fund charges according to DBOF guidance.
- Administrative overhead is part of actual costs under the Economy Act. Recover these charges when you provide services to non-DoD agencies.
- 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 $125 during a calendar quarter. But, you must obtain reimbursement for these smaller amounts from working capital funds.

7.24. Financing Economy Act Orders. Use these methods.

- **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 or GSA Form 789. See DFAS-DE Regulation 177-102 for billing and collection procedures.

- **Direct Citation Method.** Use this method when it's more feasible and more economical than the reimbursement method.
- **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 which it then uses to accomplish the *Economy Act* order.
- **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. 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't finance the order using these methods, advise SAF/FMBM through command channels. List the pertinent facts and explain why you can't 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:

- Library of Congress.
- Bureau of Mines, Department of the Interior.
- Geological Survey, Department of the Interior.
- Office of Geography, Department of the Interior.
- Bureau of Census, Department of Commerce.
- National Bureau of Standards, Department of Commerce.
- 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, Washington DC 20330-1130, for approval.

7.25.6. Don't 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:

- Return estimated 30 September unobligated balances by 15 August of the FY in which you make the advance payment.
- Return unexpended balances upon completing the Economy Act order.

7.25.8. In many instances, other government agencies who 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 Regulation 177-102.

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 don't 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, Washington DC 20330-1130. Include:

- A statement that the performing agency won't accept and finance the *Economy Act* order by the reimbursement or direct cite method.
- 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.
- 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.
- 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:

- Withdraw funds from the Air Force command or operating agency by issuing revised budget authorization and allocation documents or operating budget authority.
- Transfer Air Force funds to the performing agency by the transfer appropriation method.
- 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 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 Nondefense Agencies:

7.29.1. Guidance on furnishing air transportation for nondefense personnel and cargo is in DoD Regulation 4515.13-R.

7.29.2. Procedures for processing and collecting charges for reimbursable nondefense traffic transported on DoD aircraft other than Air Mobility Command (DBOF-T) are in AFR 76-8. DBOF-T determines reimbursement for traffic furnished by AMC (DBOF-T) 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 aren't readily identifiable or measurable. Identify cross-servicing responsibilities in the terms of the agreement.

Section 7E—CivilAir Patrol (CAP) and Air Force Civil Air Patrol Liaison Offices

7.31. Overview. Air Force activities support the CAP under public law, AFI 36-5001 and AFI 32-9003.

7.32. Supporting CAP Organizations. The Air Force furnishes fuel and lubricants to CAP personnel taking part in search and rescue operations performed under the Air Rescue Service, ACC, and in other operations ordered by the National Commander, CAP, related to HQ USAF-authorized missions. Arrange

for furnishing fuel and lubricants to CAP members performing authorized missions for the Air Force through the Air Force liaison officer. The liaison officer will process an AF Form 15, **United States Air Force Invoice**, or 315, **United States Air Force Avfuels Invoice**, or CAP Form 108, for direct procurement, if necessary, or use procedures in AFI 36-5001.

7.33. 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.

7.33.1. The Air Force furnishes Air Force CAP liaison offices and personnel at National HQ CAP the following administrative and logistical support without reimbursement.

- Routine office and administrative supplies and equipment required by Air Force personnel assigned to Air Force liaison offices.
- 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 logistic support.

7.33.2. Air Force CAP liaison offices must maintain contact with CAP activities within the area of their assignment and, in carrying out this mission, use:

- AF Form 15, **United States Air Force Invoice.**
- AF Form 315, **United States Air Force Avfuels Invoice.**
- CAP Form 108 to procure aircraft fuels and lubricants.
- Commercial credit cards to procure automotive fuel and lubricants and emergency roadside repairs.

7.33.3. AFI 36-5001 provides guidance for disposing of and accounting for Air Force supplies and equipment issued to Air Force liaison offices.

7.33.4. The Air Force CAP liaison offices are responsible for:

- Requesting logistical support from commanders of Air Force activities.
- Limiting support requested to reasonable and necessary items.
- Presenting their requirements clearly.
- Furnishing required justification data to facilitate the support by Air Force commanders.

Section 7F—Disaster Relief in the United States, Its Territories and Possessions

7.34. Overview:

7.34.1. 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.

7.34.2. Implementing Authorities:

- 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.
- Executive Orders 11575 and 11725.

7.35. Air Force Responsibilities:

7.35.1. Domestic Emergencies:

7.35.1.1. 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.

7.35.1.2. 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:

- HQ Air Force Reserves (AFRES) is the planning agent for Air Force participation in domestic emergencies.
- 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.
- Commanders develop plans and training programs to protect personnel and all other resources of their commands in the event of domestic emergencies (see AFI 32-4001).

7.35.2. 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.

7.36. Funding Procedures:

7.36.1. Budget estimates, operating budgets, and financial plans don't include funds for disaster relief operations. The Air Force doesn't 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's 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**).

7.36.2. 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.

7.36.3. 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-DE for consolidation and forwarding to Commander, US Army Forces Command, Attn: AFCO-PBO, Ft McPherson GA 30330. If the disaster or other emergency isn't 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:

- Personal services.
- Travel and per diem.
- 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.
- 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.

7.36.4. Expenses incurred for disaster relief participation may include:

- Pay of additional civilian personnel temporarily hired specifically for the disaster operation.
- Overtime pay of civilian personnel.
- Travel and per diem expenses of Air Force personnel (military and civilian).
- Consumable items of supply requisitioned for civilian disaster refugees.
- Transportation of personnel, supplies, and equipment.
- Repairing or reconditioning nonconsumable items returned.
- Repair parts used to repair end items located at the disaster area (excluding depot or field maintenance on a time-compliance basis).
- Packing and crating supplies and equipment.
- Petroleum, oil, and lubricants (POL).
- Items of supplies and equipment lost, destroyed, or damaged beyond economical repair.

7.36.5. 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.

7.36.6. The following items **aren't eligible for reimbursement** in connection with disaster relief assistance, but are normal operating expenses:

- Regular pay and allowances of Air Force personnel (except travel and per diem costs).
- Administrative overhead costs.

- Annual and sick leave, retirement, and other military or civilian benefits.
- Cost of telephone, telegram, or other means of electrical transmission used to requisition items into a disaster area, or to replenish depot stocks.

7.36.7. 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 aren't 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

7.37. 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 (DoD(C)) of the contemplated use of funds or resources for foreign disaster relief operations. Based on this information, DoD(C) initiates appropriate financial or funding actions.

7.38. 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/AID, orders from Joint Chiefs of Staff (JCS), unified or specified commands, or from HQ USAF.

7.38.1. The Chief of the Diplomatic Mission or the Department of State/AID must specify in advance the amount of funds authorized for expenditure for foreign disaster relief. Air Force activities can't exceed this specified amount unless the Department of State/AID authorizes an additional amount.

7.38.2. Air Force activities should undertake disaster relief operations expected to involve reimbursable costs that aren't to be funded from, or which will exceed, the $25,000 available to the Chief of the Diplomatic Mission **only** after Department of State/AID furnishes OASD(ISA) the appropriate authorization for the funds required.

7.38.3. 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.

7.39. Funding Procedures. Air Force financial plans and appropriations don't 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 AID. SAF/FMB may establish an ESP code to identify these costs. If you incur costs before then, set up an interim MAJCOM or installation code (see **Chapter 4**).

7.39.1. Reimbursable Expenses.

7.39.1.1. Reimbursable expenses include, but aren't limited to:

- 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 Regulation 177-102) to cover holidays, leave, and other benefits. For foreign national personnel, compute on the basis of total cost to the United States.
- All costs of additional civilian personnel employed specifically for the operation.
- Overtime pay of all civilian personnel attributable to participation in the operation.
- Actual per diem, travel, and subsistence expenses for both military and civilian personnel.
- Pay and allowances of all military personnel participating in the relief operations (see **Chapter 5**).
- 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.
- Transportation of personnel, equipment, and supplies.
- Accessorial costs and transportation cost associated with transferring excess items to Department of State/AID without reimbursement for the actual items transferred.
- Packing, crating, and handling of equipment and supplies at actual cost.
- 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.
- 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.

7.39.1.2. Price all other services or support rendered not specifically covered in 7.39.1 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.

7.39.2. Nonreimbursable expenses are normally limited to materials, supplies, and equipment determined to be excess and transferred to the Department of State/AID. Accessorial costs and transportation associated with transferring excess property are reimbursable.

7.39.3. Billing Procedures. Follow DFAS-DE Regulation 177-102.

7.40. Documentation Requirements. Installation or regional Defense Accounting Officers 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 **7.38.** Keep statistical data on military personnel expenses and other nonreimbursable costs for informational and historical purposes.

Section 7H—International Military Activities

7.41. Overview:

7.41.1. This section contains Air Force guidance and responsibilities for budgeting and funding in support of international military headquarters (per DoDD 2010.1) and other international military agencies of the North Atlantic Treaty Organization (NATO), as referred to in paragraph **7.42.** It applies to all Air Force activities that carry out responsibilities supporting the international military activities listed in paragraph **7.42.**

7.41.2. 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.

7.41.3. The appropriate organization at each Air Force echelon that performs budgetary and funding functions as prescribed by DFAS-DE Regulation 170-6 will enforce the provisions of this chapter. This includes:

- Continental United States (CONUS) MAJCOMs for supporting international military organizations or headquarters located within CONUS.
- HQ USAFE for Air Force support to international headquarters or agencies within the geographical boundaries of CINCUSAFE command.

7.42. Responsibility for National Support:

7.42.1. 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:

- Table of organization (Army), or AirLnd Navy equivalent.
- Table of distribution (Army), or Air Force and Navy equivalent.

7.42.2. Paragraph **7.48.2.** 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.

7.42.2.1. Finance national costs of the United States elements from the O&M appropriation except for:

- 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.
- 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.

7.42.2.2. The US administrative agent funds and pays for unilateral costs for United States elements to NATO military headquarters and agencies.

7.42.3. Administrative agent budgetary responsibilities include:

7.42.3.1. Determining national requirements for United States elements of international headquarters.

7.42.3.2. Budgeting for these national requirements. United States military elements entitled to nonreimbursable support by the administrative agent are limited to those which have been included in the approved staffing of the international headquarters or agency concerned.

7.42.3.3. 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.

- Table of organization or equivalent type units:
- The assigning service makes initial issuances.
- The United States administrative agent provides replacement issues, obtaining peculiar items where necessary from supply systems of assigning service on a reimbursable basis.
- Table of distribution or equivalent type units:
- The administrative agent makes initial and replacement issues.
- Entitlements are in accordance with standards and procedures of the executive agent.

7.42.4. Administrative agent budgetary responsibilities exclude:

- 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 **7.42.1.** above. (See paragraph **7.48.1.** for internationally budgeted costs.)
- The costs of military personnel which will be the budgetary responsibility of each military department for its own military personnel.
- 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	
f. Military Agency for Standardization	Department of NavyDepartment 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 ArmyDepartment of Army
3. Allied Command Europe	
a. Supreme Headquarters Allied Posers 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 ArmyDepartment 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 ArmyDepartment of Air Force
5. Satellite Communications System Ground Terminal, Norfolk, VA	Department of ArmyDepartment of Air ForceDepartment of NavyDepartment 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.

7.43. 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. Don't 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.

7.44. Reimbursable Support:

7.44.1. 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 State 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:

- Estimated United States fiscal year logistic support requirements.
- Estimated breakdown of requirements to indicate support which will be requested either on an outright sale or lease basis.

7.44.2. 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.

7.44.3. 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.

7.44.4. For items priced $5,000 or more furnished under lease arrangements, charge rent on an indefinite basis according to paragraph **7.46.**

7.44.5. 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.

7.44.6. 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 customers 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 **7.45.**

7.45. Reimbursement Procedure:

7.45.1. 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 **7.45.3.** below.

7.45.2. 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.

7.45.3. 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.

7.46. DoD Guidance . DoD established specific guidance for reimbursable support provided international military headquarters and other international agencies:

7.46.1. Pricing Guidance and Accessorial Charges. See AFMAN 67-1 and section C, chapter 5 of AFI 65-601.

7.46.2. Leasing Guidance:

7.46.2.1. Determine the annual lease rental price as follows:

- Price of equipment computed according to pricing guidance, plus accessorial charges divided by service life.
- 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.
- Pay equipment rental semiannually.

7.46.2.2. 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.

7.46.2.3. 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.)

7.46.3. Services:

7.46.3.1. Price personal services at actual cost. For United States civilian employees, this is the cost of direct labor, plus appropriate percent (per DFAS-DE Regulation 177-102) 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.

7.46.3.2. Charge for utility services at actual cost.

7.46.3.3. 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 DBOF.

7.46.3.4. 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.

7.47. Paying United States Personnel:

7.47.1. Civilian employees of the United States government assigned or detailed to organizations listed in paragraph **7.49.** retain their status as federal employees. Pay them from federal funds (usually, O&M) using the federal pay and allowance scale.

7.47.2. If a United States military member fills the civilian position, budget and report as follows:

- Charge the military incumbent charge to the military personnel ceiling of the appropriate military department.
- Pay and allowances are at United States scales and are the responsibility of the individual's military service.

7.47.3. 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.

7.48. 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 **7.48.2.** (national budget costs).

7.48.1. 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, isn't 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:

7.48.1.1. 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 **7.47.**

7.48.1.2. 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.

7.48.1.3. Rents and Maintenance. 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.

7.48.1.4. 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.

7.48.1.5. 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.

7.48.1.6. 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.

7.48.1.7. Travel of United States International Staff:

- **Civilian Personnel.** Commercial transportation and per diem costs of temporary duty travel on official business.
- **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:
- 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.
- From United States appropriated funds. Per diem and other authorized expenses applicable to federal travel regulations.

7.48.1.8. 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 interallied headquarters not specifically for any one nation; temporary installations for interallied 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 interallied headquarters for exercise; utilities costs for interallied 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.

7.48.1.9. Hospitality. Representational and hospitality expenses of the supreme commanders for international purposes.

7.48.1.10. Contingencies. Claims for losses by fire, theft and other damages. Also, costs to employ legal representation in civil court actions.

7.48.1.11. 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).

7.48.1.12. 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.

7.48.2. The following costs aren't 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 aren't usually part of the international budget)

7.48.2.1. Personnel Support:

7.48.2.1.1. Military personnel, pay and allowances (including subsistence); individual clothing and equipment; permanent change of station travel and transportation; and retirement benefits (see paragraph **7.54.**).

7.48.2.1.2. All civilian personnel expenses other than those specified in paragraph **7.54.** and this paragraph.

7.48.2.1.3. 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.

7.48.2.2. Support of all personnel not regularly appointed or assigned to the military headquarters or agency.

7.48.2.3. 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).

7.48.2.4. 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.

7.48.2.5. 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.)

7.48.2.6. Transportation costs and travel expenses of personnel of support units of a United States element, but not part of the international organization.

7.48.2.7. Bedding for military support personnel in barracks (blankets and sheets). Pillows, pillowcases, and mattress covers are an international expense.

7.48.2.8. 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.

7.48.2.9. The cost of leases of real property entered into between the United States and private property owners in support of United States requirements.

7.48.2.10. 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

7.49. Overview . This section prescribes funding procedures for using Air Force research and test facilities. See paragraph **7.50.** for budget and funding responsibilities for Air Force Materiel Command (AFMC) laboratories. See AFI 99-101 and paragraph **7.51.** for guidance on major ranges and test facilities. The guidance in this section applies to these users of AFMC facilities: Air Force organizations; other DoD users such as Army and Navy; other federal government agencies; state and local government agencies; US domestic commercial users; and foreign governments.

7.50. Budgeting and Funding for AFMC Laboratories:

7.50.1. AFMC budgets and funds for the costs to develop, operate, and maintain laboratories in support of assigned development programs and associated test workload.

7.50.2. The users of AFMC laboratories, as identified in paragraph **7.49.**, budget and fund for reimbursable costs incurred by AFMC in supporting user workloads according to the following criteria.

7.50.2.1. Air Force organizations reimburse performing AFMC laboratories for all RDT&E direct costs incurred in support of user workload, excluding military labor, and for ancillary variable indirect costs, which are directly attributable to or vary based on customer workload changes.

7.50.2.2. 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:

- Military labor costed at standard rates. (***NOTE:*** Military labor is not reimbursable from DoD users).
- Civilian labor costs including the costs of related personnel benefits.
- Materiel, supplies, and utilities.
- 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.
- Miscellaneous contractual services, including T&E activity operation and maintenance contractual services.

- Printing, photos, and reproduction.
- Maintenance and depot level reparable costs of test support aircraft and ground support equipment to include a pro rata share of depot level maintenance.
- Travel and per diem to support customer user programs, after acceptance of a job order.
- Transportation and cost of supplies and equipment or other material identified as direct costs.
- Civil engineering work requirements established by a customer.
- Facility operations when the entire facility is dedicated to a specific user.
- Real property leases dedicated to a customer program.
- Automated data processing (ADPE) support, including prorated rental and maintenance charges, billed to customers through product service rates.
- Additional communications, special electric power, or similar requirements.

7.50.2.3. Other DoD components reimburse performing AFMC laboratories for all direct and indirect costs incurred in support of user workload, excluding military labor.

7.50.2.4. United States government agencies, other than DoD components, reimburse performing AFMC laboratories for all direct and indirect costs incurred, including military labor.

7.50.2.5. State and local government agencies, United States domestic commercial users and foreign governments reimburse performing AFMC laboratories for all direct and indirect costs incurred, including military labor and full user charges according to DFAS-DE Regulation 177-8.

7.50.2.6. 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.

7.50.2.7. Laboratory directors 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.

7.51. Funding Responsibilities for Designated Major Ranges and Test Facilities. The Secretary of Defense designated the following Air Force activities as DoD major ranges and test facilities (see AFI 99-111):

- 45th Space Wing (Air Force Space Command Eastern Range), Patrick AFB
- 30th Space Wing (Air Force Space Command Western Range, Vandenburg AFB
- Arnold Engineering Development Center (AEDC), Arnold AFS
- Weapons Tactics Center (WTC), Nellis AFB
- Air Force Flight Test Center (AFFTC), Edwards AFB (also has management responsibility over the Utah Test and Training Range (UTTR) at Hill AFB)

- Air Force Development Test Center (AFDTC), Eglin AFB (also has management responsibility over the 46th Test Group at Holloman AFB)
- Air Force Development Manufacturing and Modification Facility (AFDMMF), Wright-Patterson AFB

7.51.1. All Air Force organizations and DoD components reimburse the major ranges and test facilities for direct costs as defined in paragraph **7.50.2.2.**, excluding military labor. In addition to direct costs, all DoD components reimburse for ancillary variable indirect costs. The object is to have reimbursements for all costs incurred due to test workload, other than military labor.

7.51.2. Non-DoD federal agencies will be billed direct costs, including military labor, plus indirect costs including management and other costs (overhead), excluding depreciation, military retirement, and the unfunded portion of civilian retirement.

7.51.3. State and local government agencies reimburse for full costs, including indirect and overhead costs and military labor at accelerated standard rates, except when an existing formal agreement provides otherwise. These users must pay full costs when their use of the range or facility is sponsored by a federal government agency or when a federal government agency acts as such user's agent. Commercial users will be billed for all direct costs that are associated with the test and evaluation activities conducted by the commercial entity under the contract in accordance with Public Law 103-160, Sec. 846, 30 Nov 93.

7.51.3.1. In addition, Public law 103-160, allows the contract to include a provision that requires the commercial entity to reimburse for such indirect costs related to the use of the installation as the Secretary of Defense considers to be appropriate.

7.51.3.2. The commander of the Major Range and Test Facility Installation may delegate the authority to determine the 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 PL 103-160.

- 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).
- 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 (DoDD 3200.11, paragraph E3a and E3b.
- Third, foreign government will be billed full cost, unless a government agreement is in force (treaty, foreign military sales (FMS) agreement, or other negotiated agreement). Reimbursable orders will indicate if the test effort is in support of FMS. Commercial users will meet the requirements of the requirements in Support of Nongovernment Test and Evaluation. In some cases the direction in Domestic Technology Transfer, may apply.

7.51.4. Direct costs are costs that can be reasonably, economically, and consistently identified immediately and directly to a final cost objective, whether they are derived from in-house or contractor support. "Immediately" and "directly" mean at the time the expense is incurred. Direct costs are limited to those costs funded from the activity's operating program.

7.51.5. 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.)

- 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 won't be considered for standard rate computation.
- Major range and test facilities must use an approved accounting system or procedure to accumulate historical standard rate data providing for an audit trail.
- 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

7.52. Funding Guidance:

7.52.1. 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.

7.52.2. 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.

7.52.3. Reimbursable costs are those costs that would otherwise not have been incurred, that is, costs in excess of normal operating expenses.

7.52.4. When applicable, civilian personnel services are reimbursable based on direct labor costs plus appropriate percent (per DFAS-DE Regulation 177-102) for accrued leave and fringe benefits, additional hires, and overtime costs.

7.52.5. Loan of protective items is on a reclaimable basis. The Air Force activity must request reimbursement for nonconsumable 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.

7.52.6. 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

7.53. 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:

7.53.1. Reimbursement is required for expenses incident to chase aircraft.

7.53.2. 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 nonconsumable equipment that may be returned.

7.53.3. Use MAJCOM or installation level ESP codes to identify these costs (see **Chapter 4**).

7.53.4. Bill the agencies requesting the service according to DFAS-DE Regulation 177-102.

Section 7L—Support of the United States Secret Service

7.54. Statutory Basis and Implementing Directives:

- 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).
- DoD Directive 3025.13 details types of support and the procedures to be used within DoD for support requested by the Secret Service. See DFAS-DE Regulations 177-101, 177-102, and 177-130 for specific accounting and reporting instructions.

7.55. Funding Guidance:

7.55.1. 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 (Emergency and Special Program (ESP) code "RA"), and permanent support on a reimbursable basis (ESP code "UA"). (***NOTE***: ESP code "RA" also includes total non-reimbursable costs (see DFAS-DE Regulation 177-102) for any Secret Service designated protectee.)

7.55.2. Also use ESP code "UA" to identify incremental costs associated with Secret Service requested protection of other designated protectees (for example, foreign dignitaries, spouses of the President, Vice President, Presidential candidates, etc.). These incremental costs are totally reimbursable.

7.55.3. 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.

7.55.4. Report costs recorded under ESP codes "RA" and "UA" in DD-Comp(SA) 1466, per DFAS-DE Regulation 177-101.

Section 7M—Joint-Use Facilities

7.56. Overview. This section provides uniform guidance on programming and financing joint-use facilities at military installations. It implements DoD Directive 7150.5. Apply these procedures when:

- Two or more DoD components jointly use any DoD installation and military construction is required.
- Any military department uses facilities on DoD installations controlled by another department.
- Military departments and defense agencies occupy DoD installations under host-tenant relationships.
- Two or more DoD components directly or uniquely benefit from the provision of facilities in support of programs and operations (common-purpose facilities).

7.56.1. Responsibilities for Military Construction. Program and finance military construction as follows:

7.56.1.1. 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.

7.56.1.2. 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.

7.56.1.3. Common-Purpose Facilities. The individual military departments, on a case-by-case basis, function as executive agents for programs whose output directly and uniquely operate to the benefit of two or more DoD components.

- 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.
- 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.

7.56.1.4. Required Facilities. The host military department programs, obtains authorization, and finances an extension, expansion, and/or increase of the capacity of 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.

- The Secretary of Defense must approve deviations from this procedure for when unusual conditions.
- 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.

7.56.1.5. 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.

- 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.
- 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.

7.56.2. Utilization:

7.56.2.1. 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.

7.56.2.2. 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.

7.56.2.3. 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.

7.56.2.4. 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.

7.56.3. Maintenance and Service Support. The DoD components concerned determine the levels of maintenance and service support and the reimbursement therefor. These determinations should be in consonance with existing agreements between two or more DoD components, provided such agreements conform with DoD policies.

Chapter 8

AIR FORCE PROCUREMENT APPROPRIATIONS (57*3010, 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 Volume 4 for specific projects.)

- Weapons procurement
- Training devices
- Support equipment
- Munitions
- Vehicular equipment
- Communications and electronic equipment
- Other organizational and base support equipment
- All services and materiel provided by contractors or the Defense Business Operations Funds (DBOF) 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.

8.1.2. 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 574/63010 is available for obligation from 1 October 1993 through 30 September 1996, after which it expires. 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**.)

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.

8.2. Depot Level Reparables (DLR):

8.2.1. Air Force item managers pay for DLR parts from the Defense Business Operations Fund (DBOF), Supply Management business area. This includes replenishment spares previously procured in the Aircraft Procurement (3010, BP 1500), Missile Procurement (3020, BP 2500) and Other Procurement (3080, BPs 8200, 8300, 8400). Air Force operational activities will use local O&M funds to purchase DLRs from the DBOF.

8.2.2. Don't use the DBOF to pay for:

- Initial and replenishment spares for munitions coded and managed items financed from the 3010 (BP 1600), 3020 (BP 2600) and 3080 (BP 8100) appropriations. Initial spares are also excluded from DBOF.
- Non-stock listed items, e.g., classified and Contractor Logistics Support (CLS) programs.

8.2.3. Use the DBOF, Reparable Support Division, to finance initial spares effective FY 1994. AFMC will reimburse the DBOF from the central procurement appropriations (3010, 3020 and 3080), based on delivery of the items to the DBOF.

8.3. Full Funding. See DoD 7000.14-R, Vol 2, for guidance on full funding, advance procurement, multiyear procurement, advance Economic Order Quantity, and Engineering Change Orders/Engineering Change Proposals.

8.4. Weapon System Engineering. MAJCOMs, installations, Air Force Materiel Command (AFMC Centers) 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:

- Use RDT&E to fund all efforts to improve engine components (a combination of maintenance and development engineering) per Congressional direction (see **Chapter 13**).
- Use DBOF to fund development, production, and maintenance engineering services that support an operational commodity item managed by the DBOF Supply business Area. But don't use the DBOF if the engineering effort results from a weapon system production or modification improvement. For example, charge the cost of the engineering effort to the DBOF if the commodity manager needs to reverse engineer the item to improve supportability or competition, 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:

- Aircraft in Development, charge to RDT&E (57*3600).
- 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.
- 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.

- 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.
- 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:

- 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.
- 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 are 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:

- 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.
- Charge the 57*3020 appropriation, BPAC 210000, 220000, or the Reparable Support Division of the Defense Business Operations 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.
- Charge the 57*3010 appropriation, BPAC 120000 or the Reparable Support Division of the DBOF for **common follow-on support** of aircraft converted to a drone configuration, after the modification under paragraph **8.7.** above.
- 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. AFMC 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. AFMC 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 Strategic Command's operational requirements until 45 days after the final site acceptance. AFMC will budget and fund to support investment items during all three of these periods. After that, AFMC 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. AFMC 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) (as specified in DoD Directive 3200.11; and **Chapter 7**). ***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 Equipment:

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 cost $25,000 or more and aren't available through Air Force central procurement. (At time of printing, the expense/investment threshold was expected to be raised to $50,000 and SAF/FMB will notify the field of any new treshold amount.) Use the same appropriation for authorized related costs. If you're a host installation, include tenant requirements in your annual programs (see paragraph **7.7.** 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 must:

- Treat BPAC 84501X (base procured equipment) as an annual program.
- Fully commit this program by the end of the first fiscal year (FY).
- Obligate it no later than 3 months after the end of the first FY.
- 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/FMBIO or HQ USAF/LGSP.

8.17. Finance the Following Items with 57*3080, BPAC 84XXXX 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 Reparables.)

- 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)).
- Non-stock-listed investment equipment items that are locally procured (including replacement RPIE).
- 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.
- Relocatable buildings purchased as items of war reserve stock (see **Chapter 9** of this volume).
- Portable buildings if their cost is $25,000 or more. (See **Chapter 9** of this volume.)
- Fast pay back capital (FASCAP) investment items approved by AF/MOQ-DMR per AFI 38-301.

8.18. Don't Finance the Following Items with 57*3080, BPAC 84XXXX Funds: (See paragraph 8.1.4 for changes to 3080 BP 8400 program due to stock funding of Depot Level Reparables.)

- Equipment costing less than $25,000.
- Spares, components, assemblies, repair parts, and other materiel (expense or investment) that do not qualify as end items of equipment.
- Centrally managed equipment items or substitutes for such items, such as aircraft, vehicles, etc.
- Initial or replacement RPIE to be installed as part of a construction project (either in-house or by contract), except as shown in **Figure 4.1.**
- Replacement equipment (RPIE) as part of an O&M funded repair project.
- Initial or replacement electric power generators classified as RPIE.
- 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 **8.13.**
- Preparing a site to install of leased, transferred, issued, or newly procured equipment.
- Support of RDT&E.
- Support of Defense Business Operations Fund business areas.
- 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. Charge the following to Other Procurement (57*3080) when you procure a major end item on a turn-key basis (that is, a single prime contractor turns over to the Air Force an end item of equipment that is installed, tested, and accepted):

- Procuring, installing, testing, and checking out equipment and associated support items.
- Equipment shelters or facilities built solely to house the equipment (when included in the turn key contract).
- Foundations, shielding, and security fencing for equipment.
- Engineering and design for the above items.

8.19.2. Charge the following to construction:

- All multiple-use facilities (for example, equipment housing and administrative, logistics, or operational use).
- Administrative, operational and logistics facilities (i.e. facilities not built solely to shelter or house the major end items of equipment).
- Paved roads and walks, solely to allow access to equipment.
- Exterior and common utilities and associated support items.

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).

- 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.
- If the RPIE is stocklisted in Air Force stocklist 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.
- If the RPIE meets normal expense criteria, the installation must procure it through the DBOF unless a contractor furnishes it. Use the appropriation financing the construction project to reimburse the DBOF.

8.20.2. If you acquire the RPIE as replacement which requires no construction (does not cite 57*3300 or EEIC 529), follow these procedures:

- If the RPIE meets normal **investment** criteria, use the 57*3080 appropriation (paragraph **8.16.**). HVAC equipment being replaced as part of 3400 Appropriated funded project may be purchased with O&M-type project funds.
- If the RPIE meets normal **expense** criteria, use O&M and procure the RPIE through the DBOF.

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. See AFI 32-5009 for guidance on programming and budgeting for replacement RPIE generators. Don't 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 to operate 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. Don't 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:

- 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).
- Use military construction funds for the concrete foundations, or pits, and the connecting utilities (they are real property).
- Use 57*3080 for installation of the system if the prime contractor installs it as part of the total contract cost.
- Use O&M-type funds (EEIC 592, miscellaneous contractual services) for the installation when organic labor or contractual labor other than the prime contractor is required to install the system. This labor is not a construction cost.

8.20.8.2. Power Conditioning and Continuation Interfacing Equipment (PCCIE):

- Use Other Procurement (57*3080) for the equipment.
- Use military construction for permanent pads or foundations (real property) and connecting utilities.
- 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 protect of non-RPIE or nonreal property:

- Use the major procurement appropriations for centrally-procured equipment.
- Use the appropriation financing the system's acquisition if the centrally-procured equipment is airborne equipment peculiar to one weapon system.
- Use 57*3080 funds if the centrally procured airborne equipment is common to more than one weapon system, or is purely ground equipment.
- Use 57*3080 funds for base-procured equipment with a unit cost of $25,000 or more. Use O&M for base-procured equipment with a unit cost less than $25,000.

8.20.8.4. Demountable Sound Suppression Equipment for Ground Test of Aircraft and Engines:

- 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).
- Use the appropriation financing the system's acquisition when the equipment is peculiar to one weapon system.
- Use 57*3080 if the equipment is common to more than one weapon system.
- Use the major procurement appropriations for installation if the prime contractor installs the equipment as part of the total contract cost.
- Use O&M funds for installation by anyone other than the prime contractor.

- 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. Use the Other Procurement appropriation (57*3080) for the following direct costs:

- Procuring, installing, testing, and checking out of C-E systems equipment and associated gear, including antennas and antenna towers.
- Procuring and erecting of equipment shelters used solely for shelters.
- Engineering and design associated with the above items.

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, EEIC 592, if anyone other than the prime contractor (or direct subcontractor) installs the system or modifies it as a result of state-of-art changes.)

- Foundations for equipment, self-contained equipment shelters, prefabricated buildings used solely for equipment shelters, antennas, and antenna towers.
- Temporary or permanent utilities required solely to operate C-E equipment.
- Unpaved access roads and walks needed for a contractor to access areas in order to install or erect equipment.
- Procuring and installing security fencing needed to protect areas or equipment during contractor operations.
- Engineering and design costs associated with the above items.

8.21.3. Use construction funds (MILCON or O&M) for:

- Facilities for administration, logistics, housing, and other activities to support a C-E system.
- All other masonry buildings not used to house equipment only.
- 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.
- Common-use temporary and permanent utilities required to support a C-E system site.
- Other items of construction not covered above.
- 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, moving, expanding, or augmenting them.

8.21.5. Use Other Procurement funds (or DBOF for DBOF activities) to procure Intrusion Detection Systems (IDS), regardless of cost, when they are centrally procured and managed. Use O&M for non-centrally procured and managed IDS components if they are consistent with the expense/investment criteria and are to be added to a system or purchased as stand-alone items.

8.22. Equipment (Other than Communications Systems) Procured on an Installed Basis (e.g. Radar, Navigational Aids (NAVAIDS), and Crytographic 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 Command (AFIC) may procure equipment financed from the 57*3080 appropriation and required for a fixed operation on a **system** or a **packaged** basis.

- Under the **system** approach, the equipment procurement contract includes one or more pieces of equipment, components, installation material, and engineering and installation charges. Use the 57*3080 appropriation.
- Under the **packaged** approach, use the 57*3080 appropriation to finance the system and the necessary directly related construction under one contract (see paragraph **8.19.** and **8.21.**).

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 Air Force stock fund (now DBOF) 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 DBOF 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 1994 fuel issues with FY 1994 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.

8.25. 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.). If you incur additional costs 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 aren't 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:

- Development engineering for modifications.
- 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; charge them to the procurement appropriations under the total kit policy. That is, you must budget and fund an equal number of Group A and Group B kits, as well as the funds to install them, in the same fiscal year. Also use the procurement appropriations (modification programs) for:

- Installation engineering data, technical data, and special tools required to install mod kits.

- Buying support equipment and peculiar test equipment required to support the modified configuration item(s) as a direct result of the modification program.
- Modifying spare components or support equipment when modification programs directly require it.

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 permanent modifications identified as a P-(S) (safety) or P-1A (improve R&M or improve operational capability) modification:

- 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.
- 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 manhours involved in developing the initial or previous operation's configuration baseline (hardware and software).

8.26.9. For Engineering Change Proposals/Engineering Change Orders (ECPs/ECO):

8.26.9.1. When conducting engineering studies to determine if an ECP/ECO should proceed to the modification production phase:

- Use O&M (3400) if the program is a reliability/maintainability effort,
- Use R&D (3600) if the program requires development efforts.
- Don't use modification production funds to make this determination.

8.26.9.2. When an ECP/ECO generates after an item is on contract:

- 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.
- Don't 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 don't 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 4C** applies to designing and developing training devices, and software changes not associated with hardware mods.

8.27. Determining Proper Fiscal Year. A modification is valid for funding in the year the requirement is formally documented in the HQ USAF requirement validation process, or thereafter. Normally this date is as follows:

- To correct a deficiency in production mods -- the year the deficiency is identified in an official test report per AFI 99-101, or in a deficiency report per T0-00-35D-54. But don't fund the retrofit before the mod goes in to the production line.
- For safety, reliability and maintainability mods -- the year the deficiency report is received per T0-00-35D-54, or the material improvement project is established.
- For new/improved operational capability mods -- the year the statement of need (SON) is validated per AFI 10-601.

SAF/FMB may make exceptions to the above criteria when other acceptable documentation clearly establishes official recognition of the requirements.

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) 15, 16 or the Reparable Support Division (RSD) of the DBOF, as appropriate; or BP 19 if neither 15, 16 nor the RSD is the benefiting program
Missile Procurement (3020)	BP 25, 26 or the RSD, DBOF, as appropriate; or BP 29 if neither 25, 26 nor the RSD is the benefiting program
Other Procurement (3080)	spares and repair parts BPAC within whichever activity benefits (munitions, vehicles, communications-electronics or other base maintenance and support equipment) or the RSD, DBOF, as appropriate
Operation and Maintenance (3400)	appropriate MAJCOM budget activity, citing EEIC 592
two or more appropriations	a value analysis contract that contains a separate line item for each benefiting appropriation and the cost of the contract pro-rated 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.

- Charge the cost arising from VE actions to the appropriation financing the prime benefiting program, except as specified below.
- Use RDT&E to fund VE (internal or contractor) performed during design and development.
- 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.
- 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.

8.29.1. Sharing VE Incentive and Program Requirement Clauses:

8.29.2. Financing Instant Contract:

8.29.2.1. 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.

8.29.2.2. 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.

- 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.
- 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.

8.29.3. Financing Lump Sum Payments on Future Acquisition Savings:

8.29.3.1. 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.

8.29.3.2. 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 8.28.3.2 above. Before accepting the VECP, you must determine that funds are available in the account that will ultimately bear the charge.

8.29.4. Financing Royalty Payments on Future Acquisition Savings:

8.29.4.1. 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 doesn't commit or obligate funds. Also, the agreement to pay royalties doesn't 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.

8.29.4.2. 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.

8.29.4.3. 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 DBOF or other fund activity.

8.29.4.4. 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.

8.29.5. Financing Payments for Collateral Savings:

8.29.5.1. 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 logistic support. This compensation is always a one-time lump sum payment under the instant contract. Don't pay collateral savings for any subsequent purchases of the same item by the Air Force or any other DoD component.

8.29.5.2. 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 8.28.3.2 above. Before accepting the VECP, you must determine that funds are available in the account that will ultimately bear the charge.

8.29.6. 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 **8.27.** and **8.29.1.** through **8.29.5.**

8.29.7. 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 financial plans for O&M-type appropriations.

8.29.8. 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 **8.29.7.** 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

8.30. Funding Test and Evaluation. See **Chapter 14**.

8.31. Purchasing Information Processing Equipment (IPE). See **Section 4C**, **Chapter 4**.

8.32. 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.

8.33. Funding Support Equipment. Determine the budget program activity codes (BPACs) for peculiar support equipment and common support equipment as follows:

- Fund support equipment peculiar to that system from the BPAC that funds the system procured. For example, when a Tactical Air Navigation (TACAN) system common to more than one aircraft is installed during production, charge the TACAN and its peculiar support equipment to BPAC 100000 (aircraft weapon system).

- Use BPAC 110000 (modifications) for all peculiar support equipment required because of a modification. This includes peculiar support equipment required to support a system that applies to more than one aircraft. Follow this guidance also for changes in modification quantities or items during the course of the modification funding.
- Use BPAC 120000, Common Support Equipment, for organizational and intermediate (O&I) level support equipment which is common to more than one aircraft system or subsystem (applies to both initial and replacement equipment).
- Use BPAC 120000, Common Support Equipment, for replacement (only) of O&I level peculiar support equipment (see AFMAN 65-604 under BP 120000).
- Use BPAC 120000 for O&I level peculiar support equipment for out-of-production aircraft systems or subsystems.

8.34. Funding Technical and Engineering Data. See **Chapter 4**, **Section 4G**.

8.35. Training:

8.35.1. 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.

- 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.
- 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.
- 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.
- If the requirement for special training films results from maintenance operational requirements, technical order changes, etc., charge the cost to O&M-type appropriations.
- 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.

8.35.2. Funding Type 1 Factory Training. See **Chapter 10**, **Section 10L**.

8.36. Repairing Government-Furnished Equipment (GFE). Because of malfunction or damage (in transit or in storage), some GFE items procured for initial installation into a major end item of equipment in production may have to be returned to the producing GFE contractor or Air Force depot for repair or rework. before they can be installed. Fund the repair of such GFE items as follows:

- Charge the repair of associated GFE 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.
- After Air Force acceptance of the end item, charge the repair of GFE components to O&M type appropriations. Include those not procured or required for initial installation into an in-production end item.

8.37. 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.

8.38. Funding Supplies and Equipment for the Foreign Technology Division (FTD) and the Air Force Technical Application Center (AFTAC):

8.38.1. Procurement under BPAC 84xxxx for FTD and AFTAC includes all items of centrally procured equipment and supplies normally chargeable to 57*3080 (as described in AFMAN 65-604). Use paragraph the following subparagraphs to determine fund requirements by appropriation for FTD and AFTAC financial plans and budget estimates.

8.38.2. Develop requirements for RDT&E (57*3600) using AFMAN 65-604, budget codes.

8.38.3. Apply the following for procurement appropriation requirements:

- 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 FTD or AFTAC mission requirements.
- Use 57*3080 for end items of equipment and systems used in ground operations exclusively for FTD or AFTAC mission requirements.
- 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.

8.38.4. Charge equipment and components required for FTD 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 category V modifications of 57*3080 equipment.

8.38.5. Charge contractual or depot labor (including TDY) required to install 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. Don't use BPAC 87XXXX to reimburse 57*3400 for contractual or depot labor (including TDY) required to install FTD and AFTAC equipment.

8.39. Production-Related Travel. If a program is no longer in some phase of RDT&E:

- Use RDT&E to fund travel that supports Research, Development, Test, and Evaluation efforts and activities.
- Use O&M to fund travel that supports production-related activities where you have completed RDT&E or where there was no RDT&E.
- Use RDT&E if the travel supports both RDT&E and production-related activities; that is, resolve gray areas in favor of RDT&E.

8.40. First Destination Transportation (FDT). Use Other Procurement (3080) Appropriation, BPAC 84698, to pay for FDT (FOB origin) for investment equipment (3010, 3020, 3080). Charge the FDT for items procured FOB destination to the procuring appropriation. Charge the FDT for depot level reparables to the Reparable Support Division (Defense Business Operations 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.

8.41. General Use Vehicles for Research and Development (R&D) Activities:

- 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).
- 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.

8.42. Buying Back Materiel an FMS Customer Offers for Return. When an AFMC Air Logistics Center (ALC) learns that an FMS customer offers to return equipment 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 stock fund (now DBOF) obligational authority, rather than BPs 1500, 2500, 8300, and 8400 for such procurements. When needed, Air Force customers will buy these items from the DBOF using O&M funds.

8.43. 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.

8.43.1. 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.

8.43.2. 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.

RULE	A	B	C	D
	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.

8.44. Procedures for Replacement and Deposits to the General Fund of the Treasury. See Volume 2B, chapter 4, of DoD Regulation 7000.14-R, the *DoD Financial Management Regulation* for guidance on replacement, replacement-in-kind, and free assets.

8.44.1. Replacement Guidance--Weapon Systems or Principal Items:

8.44.1.1. 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. Don't 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.

8.44.1.2. 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).)

8.44.1.3. 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:

(1) FMS case designation.

(2) Item and number sold.

(3) Sale price of item (or items) (see also AFI 63-107 and DoD Instruction 2140.1).

(4) Replacement item, number to be procured, cost per item, and total required.

(5) Inventory and authorized acquisition objective and on-hand status; and

(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.)

8.44.1.4. 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.

8.44.2. Deposits to the General Fund of the Treasury (Miscellaneous Receipts):

- 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.
- 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.
- 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."
- 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."

8.45. Small Weapons Procurement . Congress must authorize procurement of all weapons (including machine guns, rifles, handguns, and mortars). Don't use appropriated funds to buy weapons without quantitative authorization by Congress or congressional authorization through formal reprogramming. Weapons, including new ones required for specialized military missions, must be authorized on tables of allowances (TAs) and justified under AFI 10-601 before MAJCOMs may request funds in a command budget submission. MAJCOMs may identify funding requirements in their program objective memorandum (POM) submission pending TA approval and AFI 10-601 justification.

8.46. Power Conditioning and Continuation Interfacing Equipment (PCCIE):

- Charge PCCIE procured as an embedded or integral part of the system it supports to the same P-1 line as the system itself.
- Charge PCCIE procured to replace existing PCCIE or added to support a system to the "Items Less Than" line in the BP 837XXX in Other Procurement (3080) or in a separate PCCIE P-1 line, if developed. For replacement or added PCCIE, including uninterruptible power supplies (UPS) and power conditioners (PCS) 1 KVA or larger, MAJCOMs must use SM-ALC central procurement or obtain a waiver from SM-ALC to allow local procurement. SM-ALC will provide funds for local purchase by issuing an obligation authority for an amount that covers the estimated cost of the item plus transportation costs from the vendor.
- Use RDT&E (3600) for PCCIE procured to support RDT&E requirements.

8.47. 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.

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 AFI 65-601, volume IV, for specific project codes.

57*3300 Military Construction, Air Force.

57*3730 Military Construction, Air Force Reserve.

57*3830 Military Construction, Air National Guard.

57*7040 Family Housing Construction.

97*0103 Base Closure Account, Part I

97*0510, DoD Base Closure and Realignment Account, Part II

9.1.1. Include in your construction program:

- All land acquisition.
- Acquiring and constructing facilities.
- Adding to, expanding, extending, converting, altering, or replacing existing facilities.
- Relocating facilities.
- Planning (other than master planning at operating levels) and design.
- Construction overhead, supervision, and inspection.
- Equipment installed in and made a part of real property structures and improvements (real property installed equipment - RPIE).
- Demolition required to allow construction.

9.1.2. Exclude all production and movable equipment. But, in presenting construction programs and budgets, you should also disclose the source and cost of all production and movable equipment directly associated with these programs. Also, you must 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. If it 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:

- At the end of the second fiscal year following the fiscal year which authorized the project. (For example, a project authorized in FY 94 expires at the end of FY 96).

- Upon enactment of the Authorization Act for the third fiscal year (FY 97 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 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), you must have authorization **and** appropriation of funds. Except for the Air Reserve Forces construction program, 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. Don't try to reprogram a project for which Congress denied appropriations, unless Congressional reports state the Air Force should do so.

9.4. Relating Budget Estimates and Appropriations:

9.4.1. The Congressional appropriations committees approve individual projects, but the amounts appropriated may be less than their estimated cost. Don't 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:

- Cumulative adjustments (in light of balances of funds previously made available) needed to finance to completion projects already approved and started.
- Projects you expect to start during the current fiscal year.
- Projects that still represent valid requirements for the budget year.
- 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/CE and SAF/MI 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, AF/CE must notify Congress when a project's scope

decreases more than 25 percent or when its cost increases more than $1.5 million or 20 percent, 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.

- Don't add more than 10 percent to the approved scope without prior approval of HQ USAF/CE.
- Don't decrease the approved scope by more than 25 percent without prior approval of HQ USAF/CE.

9.4.3.2. Cost Increases. Adjust project financing consistent with Congressional authorization and the reprogramming criteria in DoD 7110.1-M, the *DoD Budget Guidance Manual*, Chapter 432. 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.

- Don't increase project costs as approved by Congress by more than 20 percent or $1.5 million dollars, whichever is less, without AF/CE's prior approval.
- Don't submit reprogrammings in which the projects cited as a source of funds exceed the new total cost in the estimate to Congress.
- 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 DoD and OMB, and get advance approval by the committees.

Section 9B—Funding Portable and Relocatable Buildings, Stress Tension Shelters, Communications Pre-Wiring, Systems Furniture, Minor Construction and Air Conditioning Equipment

9.5. Portable Buildings. The organization or activity which orders a portable building through the base supply system or has it constructed by the Base Civil Engineer will pay for the purchase or construction from their O&M type funds. Apply the $25,000 rule to determine whether O&M or 57*3080 funds are chargeable.

9.6. Relocatable Buildings. AFI 32-1021 tells how to acquire, manage, and use relocatable buildings. Apply the established construction funding rules when a relocatable substitutes for a permanent structure. Use Other Procurement (57*3080) funds for the building if you are buying it as an item of war reserve stock. Charge the cost of transporting, assembling, and disassembling a relocatable building for a temporary purpose to O&M type funds.

9.7. Stress Tension Shelters. Stress tension shelters (STS) (for example, Portomods) usually have a fabric membrane in tension over a rigid frame.

9.7.1. Charge construction funds for STS costs -- including acquisition, site preparation, foundation, erection, and utilities support -- as either a Military Construction Program (MCP) project, or a minor

construction project accomplished with P-341 minor construction or O&M type funds. Use total project cost and normal dollar thresholds to select the proper fund source.

9.7.2. Include the cost of relocating an STS from one installation to another and the fair market value of the STS as part of the construction costs of the new project.

9.8. Prewired Work Stations, Systems Furniture, Communications Prewiring:

9.8.1. Prewired Work Stations. Charge the cost to MILCON and include it as part of the requirement when constructing a new facility or altering a facility using 3300 funds. In this situation, include the work stations as a permanent and integral part of the facility. (See AFI 32-1021 and Engineering Technical Letter 90-2.)

9.8.2. 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, don't count the furniture against the $300,000 statutory limitation for construction.

9.8.3. Communications Prewiring of Buildings to Support Information Systems and Services:

9.8.3.1. When constructing, adding to, or altering a new facility, with MILCON funds or P341 Minor Construction funds, include:

- All basic communications support required within the building for information services and local area networking, including voice, data, facsimile, video, alarms, sensors, etc.
- All work within the building for telephone wiring, conduits, cable ducts, raceways and modular jacks and outlets. (The wiring will not become real property.)

9.8.3.2. Exclude from communications prewiring:

- End instruments and equipment such as telephones, work stations, data terminals, switchboards, computers, etc.
- The cost of cable (wire) that extends beyond the primary distribution frame within the building. Charge cable cost from the primary distribution frame to the base cable distribution system to other appropriations. Charge ducts, conduits, trenches, and poles to MILCON or P341 Minor Construction.
- Any prewiring that is part of a minor construction project using O&M funds.

9.8.3.3. See ETL 87-9 for further details.

9.9. Unspecified Minor Construction:

9.9.1. Apply **Table 9.1.** for project approval and reporting requirements.

Table 9.1. Unspecified Minor Construction Approval and Reporting.

FOR THESE PROJECTS	THIS GUIDANCE APPLIES
Projects costing between $300,000 and $500,000	HQ USAF/CE approves.
Projects costing between $500,000 and $1,500,000	SAF approves.
All projects over $300,000	
For minor construction using these authorities	Must satisfy Congressional notification requirements. Air Force must notify Congress in writing 30 days before obligating funds.

9.9.2. HQ USAF/CE manages regular Air Force funds. MAJCOM requests for these funds must meet the requirements of AFI 32-1021. HQ USAF 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.

9.9.3. MAJCOMs must advise HQ USAF/CE 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.

9.10. O&M Minor Construction. Use O&M to cover projects whose funded cost is $300,000 or less. (Congress may change this dollar ceiling) If the project will cost more than $300,000, submit it to HQ USAF for further processing as either a unspecified minor construction or MILCON project. You must use MILCON major or unspecified minor construction to reimburse the O&M type construction funds for expenses incurred to that date.

9.11. 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

9.12. Financial Management Guidance. This section applies to acquiring and or constructing of real property, including:

- Costs charged to appropriations available for military construction (funded costs).
- 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.
- Obligation and expenditure restrictions and limitations for military construction projects.
- Other related functions.

9.12.1. Funding for Planning and Design:

9.12.1.1. 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 $300,000, make sure the Secretary of the Air Force notifies the appropriate Congressional committees at least 21 days before the initial obligation of funds for these services. (Note: Only active DoD Components must notify the committees.)

9.12.1.2. Use design funds to pay for:

- Architectural and engineering services and construction design required for site investigation, survey, mapping, or sketches.
- Preparing cost estimates for construction and land acquisition projects.
- Preparing plans, specifications, value engineering studies and construction contract documents.
- Managing construction projects chargeable to foreign governments if United States Armed Forces elements are the main users.

9.12.1.3. Under the authority of planning and design, the Military Departments may also:

- Develop and update design criteria and manuals.
- Prepare standard designs and definitive drawings used on military construction projects.
- Manage design of military construction programs and contract administrative services for design.
- Certify project cost.
- Administer architectural and engineering service contracts to design construction and land acquisition projects.
- Print and reproduce bid documents, prepare pre-bid government estimates, and establish liaison with prospective bidders prior to award of a construction contract.

9.12.1.4. Don't use design funding to formulate a project. See paragraph 9.14.8 below for advance planning. Also, limit 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).

9.12.2. Funding Major Construction:

9.12.2.1. 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.

9.12.2.2. When determining the costs of a major construction project, include:

- Surveys and site preparation.
- Acquiring, converting, rehabilitating, and installing facilities.
- Acquiring and installing real property installed equipment and appurtenances.

- Acquiring and installing supporting facilities (including utilities) and appurtenances.
- Supervising, administrating, and overhead.
- Acquiring or leasing temporary facility needed to house occupants of a building while the building is being altered in the MILCON program.
- Developing and supporting design for construction projects after construction award (includes change orders, value engineering proposals, and as-built drawings).

9.12.2.3. Exclude from major construction those costs identified as minor construction, planning and design, or supporting activities.

9.12.3. Funding Emergency Construction:

9.12.3.1. Follow these general guidelines for emergency construction -- construction without authorization and appropriation. DoD Directive 4270.24 contains more detailed guidance. 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 can't request emergency construction.

9.12.3.2. To request approval for an emergency construction project, notify the Armed Services Committees and ask the DoD Comptroller to send the Appropriations Committees a request for reprogramming of military construction funds under section 2803 of 10 U.S.C. and DoD Manual 7110.1-M. For each notification and reprogramming request:

- Justify and estimate the project cost.
- Justify the project as emergency construction.
- State the source of funds for the project.

9.12.3.3. The Services and DoD Comptroller must coordinate to notify the Armed Services Committees and request reprogramming from the Appropriations Committees at the same time.

9.12.3.4. 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 $30 million).

9.12.3.5. Don't start actual construction before receiving DoD and congressional approval.

9.12.3.6. 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.

9.12.4. Funding Contingency Construction:

9.12.4.1. Before using Contingency Construction authority (10 U.S.C. 2804), the Air Force must:

- 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.
- Obtain the Secretary of Defense approval.
- Notify the House and the Senate Committees on Armed Services and Appropriations.

- Wait 30 days after notifying Congress before obligating funds.

9.12.4.2. 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't use its own emergency authority.

9.12.5. Funding for Construction Authority in Event of Declaration of War or National Emergency (10 U.S.C. 2808). If the President declares war or a national emergency, the Secretary of Defense may authorize the Service Secretaries to undertake military construction. The Secretary of Defense issues special implementation rules.

9.12.6. 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:

9.12.6.1. 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. 2233a for the Reserve components.

9.12.6.2. Don't include the project in the budget request as a specific line item.

9.12.6.3. 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.

9.12.6.4. Notify appropriate congressional committees before starting a minor construction project costing more than $300,000 for Active components, or $200,000 for Reserve components. Don't start or obligate construction funds for projects until 30 days after the committees receive notification or after all committees approve the project.

9.12.6.5. Don't use, on a nonreimbursable basis, materials, supplies, or installed capital equipment items on minor construction projects.

9.12.6.6. Identify a project's end result and relate it to the installation's master plan before you establish it as a minor construction project.

9.12.6.7. See details in AFI 32-1021 for a minor construction project's scope of work under 10 U.S.C. 2805 authority.

9.12.6.8. Don't start incremental-type construction projects. Don't acquire or improve a real property facility through a series of minor construction projects.

9.12.6.9. Notwithstanding any other provisions for approval of minor construction projects, the Air Force can't propose to complete a project under minor construction authority that Congress previously deleted from proposed military construction authorization legislation or otherwise disapproved.

9.12.7. Funding Restoration or Replacement of Damaged or Destroyed Facilities:

9.12.7.1. The Military Departments' Secretaries, after appropriate Secretary of Defense and Congressional approvals, may fund projects without previous legislative authorization and appropriation to repair, restore, or replace a damaged or destroyed facility.

9.12.7.2. Request approval for restoring or replacing damaged or destroyed facilities by notifying the Armed Services Committees through the DoD Comptroller. Submit a military construction reprogramming request to the Appropriations Committees according to section 2854 of 10 U.S.C. and DoD Manual 7110.1-M. Include the project's justification, the current cost estimate, and the source of funds.

9.12.7.3. Finance the restoration or replacement projects from unobligated amounts within Air Force MILCON appropriations.

9.12.7.4. Don't start construction before the Appropriations Committee approves the reprogramming.

9.12.8. 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.

9.12.8.1. Don't fund the project until the Military Traffic Management Command approves the project.

9.12.8.2. Don't 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.

9.12.8.3. Finance these projects by either:

- Providing "Defense access roads funds" to the Department of Transportation by a Standard Form (SF) 1151, **Nonexpenditure Transfer Authorization**, nonexpenditure cash transfer, or;
- Reimbursing the Department of Transportation for work comleted.

9.12.9. Scope of a Military Construction Project. Include the following in the project's scope:

- All land acquisitions, regardless of cost. (***NOTE:*** 10 U.S.C. 2673 also authorizes using up to $200,000 of operation and maintenance funds for land acquisition as defined in 10 U.S.C. 2672).
- 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.
- 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. (2) Disclose the source and cost of all directly associated production and movable equipment when presenting construction programs and budgets.
- Cost of acquiring or leasing a temporary building to house displaced functions while altering the facility.
- Construction applicable to a real property facility.

9.13. Costs Financed with Military Construction Appropriations. See paragraph **9.14.1.** for capitalized unfunded costs not financed by MILCON appropriations.

9.13.1. 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.

9.13.2. Charge the military construction appropriation for projects with a funded cost over $300,000 (current legal threshold). The threshold doesn't apply to family housing projects. For other than family housing facilities, use O&M-type funds for projects costing less than $300,000. Apply the correct O&M-type funds from either Operation and Maintenance (O&M) appropriation, Research, Development, Test and Evaluation (RDT&E) appropriation, or DBOF resources.

9.13.3. Funded Project Costs. Funded costs are costs incurred during the construction phases. (Exceptions are in paragraph 9.17.) Charge them to the applicable military construction appropriation. Funded costs include the following:

- Erecting, installing, or assembling a new facility; extending, converting, or replacing an existing facility; or relocating a facility from one installation to another.
- All materials, supplies, and services.
- Shielded enclosures installed and made an integral part of the facility.
- Communication and utility lines and equipment built into the facility as an integral part of the structure (includes pre-wiring).
- All real property installed equipment (RPIE) items.
- Transportation costs of materials, supplies, real property installed equipment, and Government-owned equipment.
- Labor costs including foreign national construction units but excluding U.S. military labor.
- Additional installation overhead or support costs caused by the project.
- 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.
- Travel and per diem of applicable military or civilian labor.
- Part of the operation and maintenance costs of Government-owned equipment. Compute costs on an hourly rate, using guidance in chapter 26 of the *DoD Accounting Manual* (DoD 7220.9-M).
- Shop rate part of military labor.
- **C**entrally 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.

9.13.4. 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:

- Personal services (and support costs) at field and headquarters activities related to the military construction program.
- Contract administration.

- Military construction program and project management (including post construction evaluation).
- Technical direction and coordination of projects.
- Land planning studies or reports, appraisal, and title search after congressional authorization of a land acquisition or exchange.
- Project management and administration not otherwise identified above.

9.13.5. Reimbursable Project Costs . Reimburse funded costs initially financed by other appropriations from the appropriation that finances the project. Use an SF 1080, **Voucher for Transfers Between Appropriations and or Funds** on a "no-check" basis for reimbursement between appropriations.

9.13.6. Military Construction Project Costs Not Requiring Specific Authorization.

9.13.6.1. MAJCOMs may fund planning and design efforts, as addressed in paragraph **9.12.2.**, before receiving specific project authorization.

9.13.6.2. MAJCOMs may fund the following efforts without specific Congressional Authorization Act approval:

- Emergency construction projects, to the extent otherwise approved by the Air Force and the Congress according to the procedures in paragraph **9.12.4.**, above, and AFI 32-1021.
- Restoring or replacing damaged or destroyed facilities, to the extent otherwise approved by the Air Force and the Congress according to procedures in paragraph **9.12.8.**, above, and AFI 32-1021.

9.13.6.3. 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.

9.14. Financing Efforts by Other than Military Construction Appropriations:

9.14.1. 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:

- Costs chargeable to military personnel appropriations (except the shop-rate funded part).
- Costs for depreciation of Government-owned equipment (see guidance on "asset use charges" in chapter 26 of DoD Manual 7220.9-M. for hourly rates).
- 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.
- Unfunded DoD civilian personnel fringe benefit rates as prescribed in chapter 26 of the *DoD Accounting Manual* (DoD 7220.9-M).
- Gifts from private parties.

- Planning and Design (contract or in-house).
- Donated labor and materiel.

9.14.2. The following costs are not construction. Charge them to O&M appropriations; RDT&E appropriations; procurement appropriations; or DBOF resources, as appropriate.

- 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.
- Ancillary equipment such as uninterruptible power supply (UPS) and power attenuation equipment that supports a specific piece of movable equipment.
- 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.
- Alteration costs to install movable equipment not affixed as an integral part of a facility.

9.14.3. The following guidance applies to installing or placing movable equipment in an existing facility:

- 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.
- Use O&M-type funds to install or place movable equipment and ancillary items, unless the turn-key procurement includes the installation or placement. Include requirements such as raised flooring, air conditioning, and other internal utilities installed solely to support the equipment.
- Fund the entire project as construction if you install or place the movable equipment as part of an upgrade, alteration, conversion, or expansion of the entire existing facility.

9.14.4. Don't 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 DBOF resources as appropriate:

- Prefabricated screens, partitions, special foundations, false floors, platforms, and shieldings for electromagnetic radiating services, and prefabricated clean rooms.
- Temporary removal and reinstallation of portions of existing walls, roofs, utility systems, and appurtenances to permit installation of equipment.
- Secondary utility work needed to connect equipment to existing utilities services within a facility. This work would connect the primary entry or source of utilities into the structure and the equipment.
- Air conditioning for equipment only.

9.14.5. Charge advance planning to O&M accounts. Advance planning functions include:

- Developing requirements for a military construction project.
- Developing an installation master plan.
- Studying alternative sites.
- Developing and validating documentation for military construction project before starting project design.

- Preparing engineering analysis and studies to develop technical design parameters before starting project design.
- Preparing environmental impact assessments and statements.

9.14.6. Charge all family housing construction projects to applicable family housing appropriations.

9.14.7. Charge the project cost to appropriations other than the military construction appropriation when the project cost:

- Comes from recyclable material sales funds according to DoD Instruction 7310.1, and 10 U.S.C. 2577.
- Doesn't exceed 50 percent of the amount established by law as a maximum amount for minor construction projects.

9.15. Authorization, Appropriation, Obligation, and Expenditure Restrictions:

9.15.1. Program Restrictions:

9.15.1.1. You must have specific authorization for work performed under major construction programs unless the project is under:

- One of the authorities provided by Title 10, U.S.C., sections 2233a, 2672, 2672a, 2675, 2803, 2904, 2805, 2808, 2810, 2854, or
- Other authorities used to carry out a project not otherwise specifically authorized.

9.15.1.2. *The Authorization Act* contains the authorization and, usually, a limitation on total project costs. Don't exceed the total amount authorized for any appropriation. But, in certain circumstances, individual cost limitations authorize overruns, within stated percentages.

9.15.2. Handling Obligation and Expenditure Restrictions:

9.15.2.1. All levels of command must:

- Comply with DoD Directive 7200.1, *Administrative Control of Appropriations*, DFAS-DE Regulation 177-16, and the *Antideficiency Act*.
- Establish adequate funds control according to chapter 21 of DoD 7220.9-M to ensure that the Air Force completes individual projects consistent with authorized purposes and within authorized and available funds.

9.15.2.2. Unless otherwise specifically provided for, the cost estimate for each project approved by the Congress is not a separate statutory cost limitation. Report major physical or financial changes in previously approved individual projects, through Air Staff and SAF channels, in advance, to both the Armed Services Committees and Appropriations Committees for their approval. First, obtain proper clearance within the Department of Defense and OMB.

9.15.2.3. Apply limitations at the project level for major construction and budget activity for minor construction, planning and design, etc.

- MAJCOMs and operational units responsible for military construction projects must subdivide each military construction appropriation account into the sequence shown below and report monthly in the *Report of Appropriation Status by Fiscal Year Program and Subaccounts*, Acct Rpt(M)1002:
- Direct Program

- Budget Activity
- Project or Line Item
- Reimbursable Program

9.15.2.4. The Air Force may realign resources between projects on a limited basis consistent with DoD 7110.1-M.

9.15.2.5. SAF/FMB issues funding authorizations (subdivisions of appropriated funds) to incur obligations to MAJCOMs responsible for construction. 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.

9.15.2.6. 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.

9.15.2.7. 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.)

- Don't establish transfer appropriation accounts for any such work.
- Don't provide funding advances to finance orders given for work or services.
- Don't 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).

9.15.2.8. 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.

9.15.2.9. Don't spend more than 6 percent of the estimated project cost on producing and delivering design, 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 costs from the 6 percent threshold:

Design reviews

Advertisements

Preparing Invitations for Bids (IFB),

Requests for Proposals (RFP),

Land survey

Soils and or other investigations and model studies

Determining program or project Requirements

Design development criteria

Environmental impact statements and supporting data

Travel and per diem, etc.

9.15.3. Handling Certifications of Costs :

9.15.3.1. MAJCOMs and operating units responsible for construction projects must prepare the certification of incurred costs.

- These certifications include statements of total cost incurred on the project, the funded part of total costs, and a statement that funded costs incurred don't exceed authorized amounts.
- Disclose authorized amounts and the approving authority with the statement of total and funded costs.

9.15.3.2. 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.

9.15.3.3. Retain a certification copy at each level of command that maintains project files.

9.16. 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:

- Operation and Maintenance (O&M), Air Force, 57*3400.
- Research, Development, Test and Evaluation (RDT&E) 57*3600, appropriation for AFMC-controlled installations Management and Support Funds).

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 37-128 shows how to curtail official travel and reduce costs. This section assigns funding responsibilities for special TDY categories.

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.

10.2.3. Supervisors should make sure military members and civilian employees use government quarters when they're TDY to a military installation where adequate on base quarters (as defined in AFI 34-601) are available. But don't apply this rule to civilian employees whose duties require official travel for more than 50 percent of their basic administrative work weeks during a fiscal year (JTR, volume 11, paragraph C1055). For TDY, anywhere other than a military installation, don't require anyone to commute to the nearest military installation to occupy government quarters. If members voluntarily use quarters at a nearby military installation, don't 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. Watch costs when selecting off-base conference sites to meet the public's interest (OMB Bulletin 93-11). Whenever possible, use the Air Force's own conference sites. If the sponsor requires a civilian environment, select a nearby, inexpensive, low-key site. To reduce travel and per diem costs, avoid highly visible and expensive tourist or recreational areas.

- For all MAJCOMs and subordinate installations, get the MAJCOM Vice Commander's approval for all off-base conferences, regardless of cost.
- For Field Operating Agencies (FOAs), get approval from the HQ USAF two-letter (e.g., DCS) which oversees that FOA.

10.2.5. The requesting organization will fund manning assistance TDY. This does not alter existing funding responsibilities for mission related travel.

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. 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 (AFRES)). 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 10.3.3).

10.3.3. Active Duty Military Personnel. In general, if AFCAT 36-2223 doesn't provide an AETC or AFMC fund citation, or if it doesn't 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. 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). AFCAT 36-2223 provides the AETC or AFMC fund citations for these travel orders as well as the conditions a TDY must meet for funding.

10.3.3.2. Other than 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

- The Air Force Military Personnel Center (AFMPC) imposes the training requirement in the assignment instructions or
- When the gaining command receives a training quota from AETC or AFMC and properly notifies the losing Consolidated Base Personnel Office (CBPO).

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 CBPO.

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:

- State that the TDY is along with or incident to a PCS.

- Identify the command funding the TDY. Guidance for getting fund cites is in AFCAT 36-2223.
- 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.

10.3.5. 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 (SAOs). 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 01010. 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. 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 (AF1 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):

- **T**he organization of the parent command to which a person is assigned funds students trained by FTDs or MTTs attached to their parent command.
- 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.
- **T**he instructor's assigned FTD or MTT funds intracommand travel of FTD or MTT instructors ordered by that command.
- AETC funds intercommand travel of FTD or MTT instructors.
- 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. 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 DT&E.

10.8. Funding Travel for Safety Escort Crews on Board Foreign Special Mission Aircraft. The Air Force Intelligence Service (AFIS) will budget and fund all required travel.

10.9. Funding Travel for Air Force Recruiters. AETC funds these costs.

10.10. Funding Travel Related to Ferrying Aircraft . See AFI 11-207 and AFI 23-202 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
Intracommand 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 Oversea.	The theater concerned: • If the source and destination of MAP aircraft are within the same overseas theater. • The delivery is to surface ports for surface shipment, if both the surface port and source are within the same theater.
Unit Movement.	The MAJCOM responsible for a unit being moved.

Category of Aircraft Ferrying	Budgeted and Funded By
Ferrying by Air Combat Command (ACC) (Excludes Unit Movements). Includes ferrying: • Between the CONUS and oversea theaters or between oversea theaters (except intracommand) for the Air Force, ANG, and MAP. • From AFMC facilities to ports for surface shipment. (The receiving command moves this aircraft from the overseas port of debarkation as an intracommand movement). • 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. • Between overseas theaters and CONUS AFMC facilities if such aircraft are scheduled for movement to and from inspect and repair as necessary (IRAN) modification and retrofit facilities.	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 aircrews can't do.
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 34-501, *Mortuary Affairs)*.

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 funds of the attendee's organization of assignment. See AFI 51-603.

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. AFMPC/DPMSF 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 AFR 35-4. 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 AFMPC.

10.16. Funding Witness Travel . **Table 10.2.** defines travel funding responsibilities for witnesses required for boards, investigations, and courts-martials.

Table 10.2. Funding for Travel Connected with Administrative Boards or Disciplinary Procedures.

RULE	A If the witness is	B and the type of travel is	C then travel is funded by
1	on an Aircraft Accident Investigation		See paragraph **7.13.**
2	on an Administrative Board		Convening Authority (see note 2).
3	the Accused	Intercmd	HQ USAF/JAJM (see note 8).
4		Intracmd	Unit of assignment (see note 9).
5	a Military Judge		USAF Judiciary circuit to which assigned.
6	Trial Counsel		(See note 1.)
7	Defense Counsel		(See note 2.)
8	the Investigating Officer		Convening Authority (see note 1).

RULE	A If the witness is	B and the type of travel is	C then travel is funded by
9	Individual Defense Counsel		(See notes 1 & 2.)
10	a Court Member		Unit of assignment.
11	a DAF Civilian Employee	Intercmd	HQ USAF/JAJM
12		Intracmd	Convening Authority
13	other DoD Civilian Employee		
14	member of other Service		
15	a Civilian (non-DoD)		Convening Authority (see note 5).
16	AF Active Duty Military	Intercmd	HQ USAF/JAJM (see note 7).
17		Intracmd	Convening authority
18	a Threatened Airman	Intercmd	HQ USAF/JAJM (see note 6).
19	a Confidential Source (AFOSI)		HQ USAF/JAJM
20		Intracmd	Convening Authority
21	an AFOSI Agent		HQ AFOSI
22	a Lab Technician (Urinalysis)		Convening Authority (see note 3).
23	from other Agencies (FBI, USPS, etc)		(See note 4).
24	a Reservist (Active Duty)	Intracmd	Convening Authority
25		Intercmd	HQ USAF/JAJM
26	a Reservist (Non-Active Duty)		Convening Authority.
27	a Government Representative		(See note 1).
28	an ANG member		Convening Authority.
29	a Prisoner (appearing as witness)		(see rules 14, 16 & 17).
30	a Prisoner Escort (see #29 above)		Convening Authority (see note 7).

NOTES:

1. Funding by USAF Judiciary for USAF Judiciary Members. The member's unit of assignment funds other travel costs.
2. HQ USAF/JAJM will fund if Individual Defense Counsel (IDC) had prior client-attorney relationship as judiciary defense counsel on case being requested as IDC.
3. Normally, the convening authority funds lab technicians. HQ USAF/JAJM funding will pay the costs if it receives FY travel funds are received. See DFAS-DE Regulation 177-103, part 4, for specifics. The member's assigned organization handles travel arrangements and orders.

4. The FBI and Postal Service fund travel costs for their own people. Other United States agencies fund their employees' travel costs if the witness is testifying regarding facts and information the witness acquires while doing assigned duties. If not, the convening authority pays.
5. The convening authority funds non-DoD civilians. ***EXCEPTION:*** At the discretion of the Director, USAF Judiciary, HQ USAF/JAJM will fund chemists, toxicologists, and other experts required in urinalysis cases or other high- level interest cases. Use the same request format used for other witnesses, except you must include the amount of expert fees approved by the convening authority and a statement that the convening authority has approved using the expert.
6. Submit threatened airmen's requests through local AFOSI detachments. AFOSI channels provide funding, but HQ USAF/JAJM eventually pays for this travel. (See AFI 51-201.)
7. DFAS-DE Regulation 177-103, part 4, and AFI 31-205 cover funding of prisoners and prisoner escorts. The convening authority requesting the prisoner's appearance will provide escort funding.
8. The JTR, volume 1, part M, paragraph M5650 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."
9. HQ USAF/JAJM will fund the following exceptions to the intra-command rule: Howard AFB; Keflavik, IC; Andersen AFB; Rhein-Main AB; and Lajes, Azores.

10.17. Funding Travel Related to Equal Employment Opportunity (EEO) Complaints. Apply this travel and other related guidance to fund expenses for individual complaints as well as class complaints of discrimination, (AFI 36-1201):

10.17.1. The activity where the discrimination allegedly occurred will fund:

- Travel expenses of other Air Force investigators, appointed by the MAJCOM.
- Travel expenses for investigators from other federal agencies.
- Expenses of the Equal Employment Opportunity Commission (EEOC) examiner (as billed by EEOC) and payment for court reporters and attorneys.
- Travel expenses when a hearing examiner or other authorized official requires travel of non-Air Force people (complainants, representatives, or witnesses) and authorized under chapter 4 or chapter 6, volume II, of the JFTR.

10.17.2. Apply the following guidance for these other situations:

- The Air Force Civilian Appellate Review Agency (AFCARA/AED) pays travel expenses of EEO complaint AFCARA investigations.
- 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).
- 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 AFCARA personnel called as witnesses.

- 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.
- 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: EEO Officer, for resolution.
- 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.

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 DBOF 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 DBOF 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 accounting and finance officer administering the funds. However, the base or activity issuing the emergency leave order must immediately send a message to the accounting and finance 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 DBOF airlift cost chargeable to the funds. Forward a copy of the orders within 24 hours to the accounting and finance 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. Don't 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 C.

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 or 406 (for administrative travel) when a person pays directly for quarters and seeks reimbursement in a travel voucher. Use EEIC 403 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/FMBMD. 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. For JCS-directed exercises, all participating services (including Army, Navy, Marines, and the reserve components) in direct support of the air mission may use contract quarters. **Table 10.3.** identifies funding responsibilities. Charge costs to program element code (PEC) 28011.

10.22.5. IMA Reserve personnel in an inactive duty training status 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). For on-base quarters, the base billeting officer will process an SF 1034 for the necessary costs and forward to the AFO at Lowry AFB, CO, for reimbursement. For contract quarters, the IMA will pay for the quarters and send required documentation to HQ ARPC/DROX for reimbursement through the Lowry DAO. In both cases, HQ ARPC will provide the funding using EEIC 403. DFAS-DE Regulation 177-102 and AFI 34-601 contain procedures.

10.22.6. Reserve or ANG units pay for contract quarters furnished to their people on inactive duty training (IDT) or annual tour (AT) status. AFI 34-601 and HQ AFESC (now AFMWRSA) Services Letter 90-14 provide specific billeting procedures for these cases. HQ AFESC Service Letter 91-7, 26 Feb 91, covers housing for Reserve and ANG members during emergency and wartime operations such as Operation Desert Shield or Desert Storm.

10.22.7. USAFE and PACAF billeting offices will administer up-front funded contract quarters to support Airlift Service Industrial Funded (now DBOF-T) aircrews who fly airlift missions at overseas enroute channel stops. The manager of DBOF airlift funds will fund these contracts in advance to ensure adequate quarters are available. This contract quarters system will support all transient aircrews flying DBOF airlift missions while traveling on DBOF funded orders. Some locations don't accept the standard Air Force credit card and O&M-funded crew members may get assigned ASIF contract quarters. In this case:

- Stamp the orders "O&M reimbursement to ASIF is required."
- Attach a copy to the monthly certification of services received.
- Forward both to commercial services for reconciliation and payment. DFAS-DE Regulation 170-24 identifies locations where the AMC aircrew charge system remains in effect.

Section 10C—Medical Support

10.23. Financing Medical Support:

10.23.1. Effective FY 93, use the Defense Health Program (DHP) appropriation (97*0130) to finance medical program costs, including operation and maintenance, procurement, and Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), but excluding RDT&E and personnel funds for active and reserve military medical personnel. Funds for medical facility military construction are in a single appropriation account.

10.23.2. Record expenses of civil engineer and communications support provided to the medical program in PECs 87776 (OCONUS - 87976), 87778 (OCONUS - 87978), 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), care received in nondefense facilities in PE 87713 (except for supplemental and cooperative care which is charged to PEs 87700/87900), 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 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. The Air Force executes the DHP account for our medical activities. SAF/FMB will issue a direct allotment to each performing installation for all DHP costs except for medical military personnel costs. 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. To ensure proper accountability for civilian end strength utilization, each installation will pay medical civilian personnel using its own O&M account and receive reimbursement from the DHP operating appropriation.

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 Medical Support the salaries of all assigned civilian employees, including employees assigned to nonmedical activities who support the medical facility. For the nonmedical employees, first charge salaries to the base support program element, then transfer the cost to the medical program element.

10.25.1.1. Transfer the cost of direct labor, plus an appropriate percentage for Air Force civilians (per DFAS-DE Regulation 177-102). Use gross labor costs for foreign nationals. Identify these amounts as contractual services in both program elements. This coding of the transfer maintains correlation between work-years and personnel funds each organization justifies and reports.

10.25.1.2. If your base has a Work Information Management System (WIMS), charge the medical facility for installation support based on standard shop rates rather than the above labor, benefits, and overhead.

10.25.2. Medical Related Travel:

10.25.2.1. Patients. Charge TDY costs of military members to receive medical care to funds available to operate the medical facility, or the USAF medical centrally managed allotment (CMA), as appropriate. Include local travel when government transportation is not available. AFI 41-101 contains guidance on the use of the USAF medical CMA.

10.25.2.2. Military Medical Consultants. AFI 44-104 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.

10.25.3. Transportation. Section E covers shipments of medical materiel. But, you should charge a shipment 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).

10.25.4. 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 32-5007. Utilities include fuels for heating and cooking.

10.25.6. Supplies and Equipment. Charge both medical and nonmedical materiel authorized for base procurement, including organizational clothing and expense type equipment issued to a medical facility.

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 Defense Health Program.

10.26. Don't Charge to Medical Support:

- Pay of military personnel.
- Expenses of tactical medical facilities operated separately from hospitals including Air Transportable Field Hospitals, Air Transportable Field Clinics, and Tactical Aeromedical staging facilities.
- Common base administrative functions.

- Cost of compensating civilian personnel and other administrative expenses (travel, office equipment and furnishings, supplies, etc.) when departmental headquarters or MAJCOM staff support medical activities. But you can the use Defense Health Program appropriation funds for Department headquarters and MAJCOM support that directly benefits Air force medical activities, e.g., central contracts for supplies and services.
- Direct and indirect expenses of military personnel dormitories, including beds, wardrobes, chairs, etc., whether or not medical personnel occupy them exclusively.
- Subsistence items (from commercial or government sources) used in a medical-operated food service activity.
- 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 34-501).

10.27. Sales of Subsistence. Collect cash locally for meals furnished people not entitled to subsistence at government expense. Reimburse receipts for individual meals to the O&M appropriation (57*3400). Deposit receipts from individual meals and surcharges on meals as prescribed in DFAS-DE Regulation 177-102 and AFI 41-113. Follow AFI 41-115 to collect for meals furnished non-Air Force personnel entitled to subsist at government expense.

10.28. Sales of Medical Services. AFI 41-115 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 . These private health insurers must pay for inpatient care furnished at an Air Force medical facility. Credit collections to the medical facility's operation and maintenance account (DHP). You should use the funds collected 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:

- A direct expense for medical services collected centrally.
- A reimbursable expense for medical services collected locally.

10.31.2. HQ USAF will:

- Provide funds in operating budgets to reimburse nonmilitary medical activities for subsistence furnished military personnel authorized subsistence-in-kind.

- 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.

Section 10D—Property Disposal Programs

10.32. Defense Re-Utilization and Marketing Office (DRMO):

10.32.1. The DRMO disposes or sells scrap, excess personal property, lumber and timber products generated by DoD components. Reimburse the local O&M account from the proceeds of such sales only for expenses originally financed by the O&M appropriation.

10.32.2. Reimburse only:

- 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.
- 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).

10.33. 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.

10.34. Information Processing Equipment (IPE) owned by General Services Administration (GSA). Net proceeds from sales of GSA owned IPE (also when previously leased by DoD) belong to GSA.

10.35. 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.

10.35.1. 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.

10.35.2. DFAS-DE maintains a central deposit fund account for authorized program expenses incurred in the production and sale of forest products. See paragraph **5.5.** of this instruction and DFAS-DE Regulation 177-102, 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:

- **Timber Stand Improvement.** Planting, seeding, or natural thinning, pruning, and control of undesirable vegetation is improvement of an existing timber stand,
- **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.
- **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.
- **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.
- **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.
- **Management.** Management of the functions listed in this paragraph, above, including supervising, planning, programming, conducting field surveys and inventories, training, forest fire prevention education, and attendance at forest management related professional meetings.

10.35.3. Don't 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, don't reimburse expenses for protecting forests that can't economically produce forest products.

10.35.4. Do not retain sales proceeds in your base operating budget account. DFAS-DE 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.

10.36. 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:

- All readily identifiable incremental recovery costs, including acquiring and replacing silver recovery equipment, plus major maintenance on it.
- 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.
- 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.

10.37. Funding Responsibilities for the Resource Recovery Recycling Program (RRRP) (10 U.S.C. 2577). DFAS-DE Regulation 177-102 contains accounting procedures and guidance for distributing proceeds. See also DoDI 7310.1.

10.37.1. Installations that establish a qualified RRRP may use net proceeds from RRRP sales for local projects as defined in 10.37.3. (Net proceeds are gross RRRP sales less operating expenses for

the RRRP appropriated fund. The installation commander or designee is the RRRP 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 financial plan submission.

10.37.2. Recyclable material refers to materials normally sold as scrap or discarded as waste, but can be reused after physical or chemical processing. **Don't** consider as a recyclable:

- Scrap bearing precious metals and items that may be used again for their original purposes without special processing.
- Ships, planes, or weapons that must be demilitarized or mutilated before sale.
- Scrap generated by a DoD industrial fund (IF)(DBOF) activity. The industrial fund accounts for the net proceeds from selling scrap (short ends, machinings, spoiled materials, etc.) generated from industrial fund operations.
- Bones, fats, and meat trimmings generated by a commissary store or exchange.

10.37.3. Use proceeds from selling recyclable material first to reimburse the installation's appropriated fund costs (O&M-type) for operating the recyclable program. Use up to 50% of remaining sale proceeds for pollution abatement, energy conservation, and occupational safety and health activities. Don't carry out a project for more than $150,000 (50 percent of the amount established by law as the ceiling for an O&M minor construction project).

10.37.4. Under 10 U.S.C. 2577, don't hold more than $2 million from recyclable sales in your installation's budget clearing account 57F5875.8900 at the end of any fiscal year. Along with BCE, the program manager, and the comptroller, the local FMB will monitor the RRRP net proceeds in 57F3875.8900. Transfer amounts over $2 million to 573210.9999.

Section 10E—Transportation of Property

10.38. Funding First Destination Transportation (FDT):

10.38.1. 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 as follows:

- When buying items of equipment and systems on an **FOB destination basis**, charge the FDT to the same appropriation that financed its acquisition. (***NOTE:*** The item's purchase price must include transportation as an integral part.)
- When buying equipment and systems items with procurement funds on an **FOB origin basis** (transportation costs are not an integral part of the item's price), charge the FDT to the Air Force Other Procurement (3080) Appropriation for items financed by the Aircraft (3010), Missile (3020) and Other (3080) Procurement Appropriations, and to the RDT&E (3600) Appropriation for RDT&E items. (Note: The MAJCOM financing procurement of assets with O&M funds on an FOB origin basis must fund the first destination transportation with its O&M-type funds.)

10.38.2. 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.

10.38.3. 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.

- 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.
- 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 overocean transportation of subsistence items funded by the O&M Appropriation to Second Destination Transportation.

10.39. 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.

10.40. Budgeting, Funding, and Expensing Transportation Charges:

10.40.1. Each Air Force agency that budgets and funds for a materiel procurement requirement must also budget and fund for associated FDT charges.

10.40.2. DLA, as single manager, budgets and funds FDT for aviation fuels included in the DBOF.

10.40.3. DLA budgets and funds for FDT of ground fuel products that the DBOF's Fuels Division and Supply Management Business Area buy from DLA centers. The DBOF Supply Management Business Area placing the order pays transportation for other ground fuel products purchased from other supply sources.

10.40.4. The Host Command will budget and fund for packing, handling, and crating unless stated otherwise in this instruction.

10.40.5. Other Funding Responsibilities.

- The Defense Business Operations Fund (DBOF) will fund the worldwide movement of DBOF materiel, to include the return of reparables and item manager-directed redistribution order shipments. This includes overocean transportation by Airlift Air Mobility Command (AMC) or Military Sealift Command (MSC), and Military Traffic Management Command services, CONUS port handling, overseas port handling, and functions contained in **Table 18.1.** through **Table 18.3.**
- The overseas command will fund inland overseas transportation.
- AFMC will use the Air Force SDT Centrally Managed Allotment (CMA) to fund non-DBOF 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.
- Local bases will pay for returning non-DBOF items to a repair facility and for non-Redistribution Order (RDO) lateral shipments with their own O&M funds.

- The activity requesting the item will fund lateral or base administrative support shipment charges.
- SDT of subsistence is the responsibility of the Defense Commissary Agency (DECA).

10.40.6. Apply the funding responsibilities indicated in paragraph **10.40.** 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.

10.41. Charging Domestic Freight Shipments Using Commercial Forms: AFI 24-201 provides guidance for shipments moving under commercial procedures. Apply the budgeting and funding responsibilities in **Table 18.1.** through **Table 18.3.**

10.42. SDT Exceptions:

10.42.1. Charge shipments of excess property to, from, or between AFRES and ANG units to the recipient's O&M funds. The shipping activity will pay for packing, crating and handling.

10.42.2. 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.

10.42.3. Air Combat Command (ACC) funds SDT for moving bulk ground petroleum products to Thule AB, Greenland.

10.42.4. The applicable DBOF Supply Management division shipping the materiel will fund transportation costs for returning Air Force Stock Fund excess materiel to the wholesale supply activity, whether returning the materiel for credit or without credit.

10.43. Land Transportation Within Overseas Areas. The responsible Military Department provides Command-controlled military-operated transportation on a common-service basis.

10.44. DBOF Property. See **Table 18.1.** through **Table 18.3.**

10.45. Funding Redistribution Order (RDO) Type Shipments. Fund transportation costs for moving excess or nonexcess (including RDO) items as follows:

10.45.1. 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 prepositioning objectives. But, the Air Logistics Center (ALC) pays shipping costs when it directs a base reporting excess items to ship them to another base under a RDO.

10.45.2. 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.

10.45.3. The shipping activity pays packing, handling, and crating costs for the excess items in 10.45.1 and 10.45.2 above.

10.46. Funding Army-Air Force Exchange Service (AAFES) Property:

10.46.1. DoD activities may use appropriated funds to reimburse the DBOF 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.

10.46.2. Bill DBOF transportation of AAFES cargo (overocean and Outside the Continental United States (OCONUS) overland) to DA, AAFES, or the OCONUS Major Army Command as follows:

10.46.2.1. DA pays for overocean movement of AAFES merchandise, operating supplies, and equipment as follows:

- Port handling costs at Military Traffic Management Command (MTMC) ocean terminals to include container stuffing costs.
- Transportation furnished by the Defense Transportation System (airlift and sealift).

10.46.2.2. AAFES bears port handling and transportation costs for:

- AAFES nonappropriated fund employees' personal property.
- Foreign goods (for resale) on which United States customs duties have not been paid or waived.
- AAFES cargo within CONUS to include container stuffing not done by MTMC.

10.46.2.3. OCONUS Major Army Commands finance OCONUS port handling and inland transportation costs of AAFES cargo (except items in paragraph **10.46.2.2.**).

10.46.3. Bill to these addresses:

- Department of the Army: Department of the Army, Dept 3200, 8899 East 56th Street, Indianapolis, IN 46249-3200.
- AAFES: Headquarters Army-Air Force Exchange Service ATTN: DD-N Dallas, TX 75222

10.47. 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:***

- Costs of aviation POL shipments per AFMAN 67-1.
- Shipments governed by the Military Sealift Command (MSC) rate guide (that is, those contracts providing port-to-base transportation), which AFMC funds (AFI 24-201.)

10.48. Funding Unit Deployments, Redeployments, Relocations, and Deactivations:

10.48.1. The MAJCOM losing operational control of units programmed to relocate or deactivate will:

- Develop the anticipated movement concept as early as possible, preferably before submitting the budget for the fiscal year when the moves take place.
- Program, budget, and fund for Air Mobility Command (AMC) Special Assignment Airlift Mission (SAAM) movements, including airlift channel extensions.
- 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.

10.48.2. AFMC will program, budget, and fund for AMC channel and MSC cargo movements described in 10.48.1, and identify the related specific program requirements in budget estimates and financial plans.

10.49. Funding Transportation from Contractor's Bonded Storage:

- Charge FDT when you can readily ascertain that the bonded storage is within the contractor's facility or no FDT funds were previously used.
- Except: charge SDT when making the determination would cause undue delay.

10.50. 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, AFRES, 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.

10.51. Funding the Shipment and Nontemporary Storage of Household Goods. The organization that controls the quarters assigns or reassigns government owned or controlled quarters without regard to service affiliation (AFI 32-6001). Pay for drayage and nontemporary storage of personal household goods for local moves upon assignment, termination, or reassignment, as follows:

- If the move is for the convenience of the government, charge the O&M funds of the organization that controls the assignment of quarters.
- If the move is for the convenience of the individual, charge costs to the individual.

Section 10F—Education of Dependents

10.52. 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 Manual 1342.6-M-1. Use DD Form 2160 to report reimbursable costs on a quarterly basis.

Section 10G—Licensing Agreements

10.53. 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

10.54. JCS Exercise Expenses. Charge JCS exercise costs to program element 28011 for active units. Include incremental O&M costs incurred solely for, or as a direct result of, planning for or taking part in an exercise. Using organizations provide for any support required during an exercise conducted at a non-Air Force, ANG, or USAFR installation for which there are not agreements or arrangements to the contrary. Apply guidance in **Table 10.3.**

Table 10.3. JCS Exercise funding Guidance.

RULE	A	B	C	D
	If funding responsibility is for (note 1)	**then funding organization is**		
		active unit	**ANG unit**	**AFR unit**
1	TDY pay	organization to which assigned	host MAJCOM if the exercise not required for ANG training; fulfill training requirement as validated by ANG, then the costs are chargeable to ANG (note 1).	same as for the ANG
2	civilian pay		ANG (note 2)	AFR
3	contract quarters	organization to which assigned	organization to which assigned	organization to which assigned
4	contract food services	host base (note 6)	host base	host base
5	other common contracts (see note 3)			
6	unique contracts	using organization	ANG	AFR
7	aircraft maintenance (note 4)	(not an incremental cost of JCS exercise)	(not an incremental cost of JCS exercise)	(not an incremental cost of JCS exercise)
8	AF Forms 15 & 314, AVPOL	MAJCOM to which aircraft are assigned	ANG	AFR
9	landing fees			
10	vehicle rental (note 5)	using organization		
11	equipment rental (note 5)			
12	non-aircraft common supplies/equipment	host base	host base	host base
13	programmed exercise airlift (note 8)	JCS	JCS	JCS
14	other command-unique support	using organization	ANG	AFR
15	unprogrammed participation at the request of another organization	(note 7)	(note 7)	(note 7)

NOTES:

1. Charge only those incremental costs incurred solely for, or as a direct result of, planning for or participation in an exercise.

2. The requesting MAJCOM finances overtime pay for ANG Title V DAF employees incurred in support of a JCS exercise.
3. Except USCINCSOC budgets for its own support.
4. The MAJCOM/ARF organization owning the aircraft budgets for the transient or en route aircraft maintenance cost on the basis of the approved flying hour program; therefore, you should not identify these costs as a cost to the JCS exercise program. MAJCOMs should consider the maintenance capability at the exercise site to avoid unnecessary movement of spare parts and maintenance personnel.
5. Host base should satisfy the TDY unit's requirements for Air Force assets to the maximum extent possible.
6. Host base is the base from which aircraft operate during an exercise or where exercise resources are required or consumed.
7. The organization requesting participation will bear all costs, except civilian pay, for MAJCOM or ARF unprogrammed participation at the request of another organization.
8. The JCS funds all JCS programmed exercise airlift directly, and not with AF Program Element 28011 O&M funds.

Section 10I—Funding for Individual Clothing

10.55. Using O&M-Type Funds for Clothing Sales Store Charges. Installations may use O&M-type funds to reimburse Clothing Sales Stores for the following categories of individual clothing items (sales code 16, as explained in AFMAN 67-1, volume I, part three, chapter 2).

10.55.1. Burial of Deceased. Clothing sales issues made for burial of deceased military personnel whenever the uniform (except caps, shoes, or boots) of the deceased is not presentable enough to warrant its use. (See AFI 34-501.)

10.55.2. Prevention of Disease and Medical Treatment. Clothing sales issues that a medical officer authorizes for the following conditions:

- Sales to enlisted members to replace clothing destroyed to prevent spread of contagious disease.
- Sales of items required during or immediately following medical care when the clothing items have been previously altered so as to prevent their use by the individual after treatment.

10.55.3. 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 nonpay and allowance status.

10.55.4. Free Issue of Enlisted Grade Insignia. Installations may buy enlisted grade insignia for free issue to newly promoted enlisted military personnel (Table of Allowance (TA) 016B and AFMAN 67-1, volume II, part 2, paragraph 50j). Treat these insignia purchases as a normal supply-type expense. Don't use O&M funds to buy officer insignia (TA 016).

10.55.5. Rank Insignia and Accouterments on BDUs. Installations will use its O&M funds or may use organizational O&M funds to sew insignia and accouterments on enlisted personnel BDUs when enlisted members replace an unserviceable BDU or receive a promotion. When phasing in aircrew

style name patches (ASNP), installations may use O&M funds (organizational) to buy the ASNP for enlisted members. But, don't use organizational funds to sew the velcro backing on the uniform. AAFES will bill the Air Force according to established procedures. When buying woodland BDUs to accommodate the ASNP, enlisted members may request velcro on the BDU shirt. This is an authorized alteration.

10.55.6. Miscellaneous Clothing Sales. Clothing sales issues not otherwise categorized. (See AFMAN 67-1, volume I, part three, chapter 2.)

Section 10J—Funding Responsibilities for Organizational Clothing

10.56. 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). 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.)

10.57. Financing the Introduction of New Clothing Items. The organization that originates the requirement must provide initial funding for new clothing and textile items. 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 won't order the item until the Air Force provides funds. "New items" include initial introductions, a changes in use, or use by a new Military Service. Charge the Military Personnel appropriation for new clothing bag items. Charge operating appropriations for new organizational clothing items.

Section 10K—Unaccompanied Personnel Housing

10.58. Unaccompanied Personnel Housing .

10.58.1. Leasing Unaccompanied Personnel Housing . Charge lease to O&M funds when you provide quarters (AFI 34-601)

10.58.2. Financing Non-Military in Unaccompanied Personnel Housing (UPH) . Credit the O&M appropriation when non-military personnel rent Air Force UPH.

Section 10L—Type1 Factory Training

10.59. Funding of Factory Training.

10.59.1. 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.

10.59.2. Charge the O&M appropriation for:

- TDY of military members or civilian employees attending factory training courses.
- Factory training courses acquired by separate contract for end items no longer in production.
- Follow-on factory training.

10.59.3. 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.

10.59.4. The Air Force Materiel Command (AFMC) will budget and fund for contractor factory training and related TDY requirements supporting development, test, and evaluation (DT&E).

10.59.5. HQ AFOTEC will program and budget for all contractor factory training and related TDY supporting initial operational test and evaluation (I0T&E) (see **Chapter 14**). AFMC and AFOTEC (through suballocation from AFMC), provide funds to AETC from RDT&E (57*3600) so AETC can execute factory training contracts supporting DT&E and IOT&E. (See AFI 36-2201.)

Section 10M—Lease or Rental of Equipment

10.60. 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. If lease or rental is the most economical, apply this guidance:

10.60.1. Funding Lease or Rental Agreements. Charge the lease or rental expense to O&M-type funds (O&M, MFH Operations, DBOF, etc.). If a basic lease contract (i.e., it 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 (see 10.60.3). As with other lease arrangements, title (and risk of loss) must remain with the lessor until the end of the final annual lease period. There are two other authorized lease agreements: lease with option to purchase and lease to ownership. Annual payments under either method should not exceed the amount required for a straight lease of the same item of equipment. Apply this guidance:

10.60.1.1. Lease With Option to Purchase (LWOP). This form of lease agreement contains annual options to terminate, renew for up to 12 months at a time, or purchase equipment. If you exercise the option to purchase, charge the purchase cost to O&M-type or procurement funds (according to **Chapter 8** and the expense-investment threshold). Comply with full funding when using procurement funds (**Chapter 8**).

10.60.1.2. Lease to Ownership (LTO). A valid LTO agreement contains annual options to terminate or renew for up to 12 months at a time. Title to the equipment automatically passes to the government at the end of a specified time period. To use O&M-type funds:

- You must explicitly exercise the option to renew or terminate annually;
- The lease cannot require additional payment for ownership; and
- The contract must not contain any language that commits the Air Force to acquire the equipment on an installment payment basis.

10.60.1.3. Obligating Lease or Rental Agreements. DFAS-DE Regulation 170-8, *Accounting for Obligations*, provides criteria for recording obligations.

Section 10N—Land Purchases

10.61. Funding Minor Land Purchases. Use O&M-type funds to buy land (under 10 U.S.C. 2672 minor land purchase authority). The land must cost $200,000 or less and cannot be associated with a specific MILCON project (P.L. 98-212, Section 707).

10.62. 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.

Section 10O—Air Force Claims

10.63. Claims Payable From O&M Funds . Pay for claims (personnel, torts, admiralty, other) with Air Force Operation and Maintenance (O&M) funds under Base Operating Support Program Element XXX96, DODEE 18, and EEIC 672. (AFIs 51-501, *Tort Claims*, and 51-502, *Personnel and Government Recovery Claims*, provide details of the programs.) These claims include:

- Damages to personal property incurred during shipment or storage under contract with civilian carriers or warehouses.
- 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.
- Payments for damages to persons or property caused by DoD personnel or activities.

10.64. Carrier Recoveries . Financial management and accounting offices will treat carrier recoveries as refunds under **Chapter 5** of this instruction.

Section 10P—TheSubsistence Program

10.65. Funding the Subsistence Program . Charge subsistence in kind for Air Force active duty personnel to the Operation and Maintenance (57*3400) 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.

10.65.1. 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.

10.65.2. Reimbursement Procedures:

10.65.2.1. Credit cash collections for meals served to personnel not authorized to subsist at government expense to O&M.

10.65.2.2. When you make arrangements for enlisted personnel to receive "subsisted-in-kind" from non-DoD agencies, obligate unit O&M funds and process reimbursements according to DFAS-DE Regulation 177-102.

10.65.2.3. Charge subsistence furnished to Air Force enlisted personnel aboard Military Sealift Command (MSC) vessels as a transportation cost.

10.65.2.4. Deposit cash sales of meals in Air Force dining facilities to Air Force O&M as an appropriation reimbursement.

10.65.2.5. Process cash surcharges collected for sales of subsistence according to AFI 34-401.

10.65.2.6. Administer subsistence-in-kind relating to hospitalization of Air Force personnel in medical facilities of other government agencies according to AFIs 41-115, *Medical Programs and Benefits*, and 41-101, *Obtaining Medical and Dental Care from Civilian Sources*. Charge subsistence furnished reserve personnel at regular Air Force installations to the Air Force Reserve Personnel appropriation. The installation furnishing the meals Reimbursement 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**.

10.65.2.6.1. 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.

10.65.2.6.2. The installation must waive reimbursement billings to any one AFRES activity in amounts less than $125 during any one calendar quarter.

10.65.2.7. 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.

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 Business Operations Fund, DBOF) to finance industrial or commercial type activities, and stock funds (now DBOF) 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 DoD Comptroller (DoD(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 DoD(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 DoD(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 Financial Plans:

11.4.3.1.1. The Air Force, through SAF/FMB, prepares annual budget estimates for each management fund per DoD 7110.1-M, *Budget Guidance Manual*.

11.4.3.1.2. The managing activity for each management fund account prepares an annual operating budget or financial 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 financial 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 financial 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 obligational 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 Directive 7200. 1, *Administrative Control of Appropriations*. 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 7220.9-M, *Accounting Manual*, 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 with DoD Directive 5000.19, *Policies for the Management and Control of Information Requirements*.

Figure 11.1. Uniform Format for Management Fund Account Charters.

UNIFORM FORMAT FOR MANAGEMENT FUND ACCOUNT CHARTERS

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 Instruction 7460.2 as authority for the management fund account.

2. **PURPOSE.** A brief but complete description of the operation or project to be financed by the management fund is shown in this section.

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.

4. **ADMINISTRATION.** The following information is shown in this section:

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 financial 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: (Signature of appropriate official of the Air Force manager) APPROVED CONCURRED: (Date) (Signature of appropriate official of participating DoD Component) (Assistant Secretary of Defense) (Signature of appropriate official of participating DoD Component)

REQUESTED:

_____ _____

(Date) (Signature of appropriate official of the Air Force manager)

CONCURRED:

_____ _____

(Date) (Signature of appropriate official of the Air Force manager)

APPROVED:

_____ _____

(Date) (Signature of appropriate official of the Air Force manager)

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 177-373 for detailed administrative and operational procedures and statutory provisions governing pay and allowances of officers, airmen, and cadets.

12.1.2. Don't 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:

- Formulates budget and cost estimates to support all aspects of MILPERS.
- Presents and defends MILPERS pricing before the Air Force Board Structure, OSD, and Congress.
- Reviews Congressional and OSD activity and internal Air Force exercises for potential/real impact on MILPERS, to include working with AF/DP to develop MILPERS alternatives and defending coordinated SAF/FM and AF/DP positions to the AF Board Structure.
- Develops and implements the obligation plan; provides oversight during budget execution review and analysis of financial and program accomplishments and projections.
- Develops and interprets MILPERS financial management practices.
- Ensures compliance with all legal and regulatory controls regarding the obligation and expenditure of MILPERS funds.
- Develops and implements budgetary and financial procedures prescribed by DoD Regulation 7000.14 -, volume 2.

12.3.2. The Director of Personnel Programs (HQ USAF/DPP):

- 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.
- Reviews, evaluates, and coordinates on MILPERS pricing methodology as applied by SAF/FM.

- Interprets personnel impacts due to Congressional, OSD, or internal Air Force driven reductions in MILPERS programs.
- Manages personnel, accession, separation, and training programs during budget execution.
- Determines impact of budgetary policies and practices developed and interpreted by SAF/FM.
- 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 Assistant DCS for Military Personnel (AF/DPM, AFMPC/CC):

- Plans and programs for the operational, rotational, and unit movement of Air Force personnel.
- Interprets mission impacts caused by reductions or budgetary impact changes to the PCS program.
- Manages PCS operational, rotational, unit moves, and reimbursables during budget execution.

12.4. Complying with Statutory Entitlements. The MILPERS appropriation is basically a statutory entitlement appropriation. Most costs borne by the MILPERS appropriation can't be avoided or deferred as long as the member continues in service. Once on board, the Air Force must:

- Pay military personnel at statutory rates.
- Honor increases resulting from length of service.
- Pay appropriate allowances for quarters, in amounts that vary by pay grade, when members aren't 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.

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:

- Moves of assigned personnel directed according to AFI 36-210, *Assignments*, and related instructions.
- Overseas extensions of individuals remaining under the same command jurisdiction. (See AFI 36-210.)
- Command reassignment of individuals within the command, even though assistance from HQ USAF was provided.
- 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:

- Moves directed by HQ USAF according to AFI 36-210, and other Air Force instructions.
- Assignment and reassignment of all general officers.

12.5.2. Unit Moves:

12.5.2.1. Command-Directed. See AFI 16-403, *Program Management of Installations and Units Data and Movement of 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:

- HQ USAF directs all unit moves, except units referenced in AFI 16-403.
- Charge the CMA for the PCS costs of individuals under a HQ USAF-directed unit move.
- 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**:
- Personnel filling vacancies at the new location as a result of requisition and levy procedures.
- Reassignments from schools.
- Persons returning from overseas tours.
- Persons returning from direct assignment on reenlistment or from civilian life.
- Cite command-directed CMA funds for moves after the effective date of the unit move.
- In programming unit moves, HQ USAF (Director of Personnel Programs) 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 financial plans.

12.5.2.3. Notification. The command must notify SAF/FMBOP, Washington DC 20330-1130 (info to AFMPC/DPMYE/DPMPPP, 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 appropri-

ation 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, cite the funds that would have been cited on the member's 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:

- 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."
- The CMA for PCS moves to or from formal training schools takes precedence over the CMA for reassigning PCS moves within CONUS.
- For PCS costs for individuals separating from the service, cite the CMA for separation travel:
- 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.
- 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.
- 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. Charge O&M-type funds 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 Defense Business Operations Fund (DBOF). SAF/FMB manages the CMA accounts that cover the DBOF airlift part of PCS travel expenses.

12.5.7. Military Sealift Command (MSC) and Military Traffic Management Command (MTMC). Charge the appropriate CMA accounts for DBOF transportation services (MSC and MTMC) and overseas port terminals. This includes:

- All costs of transportation services furnished by MSC for military personnel on Air Force duty, their dependents, HHG, personal baggage, and privately owned automobiles (POVs).
- Transportation Services furnished by Army Port Terminals (CONUS) and overseas port terminals, including baggage handling charges for passengers embarking or debarking from MSC

vessels, port handling charges for HHG, and port handling charges connected with shipment of POVs.

See AFR (DFAS-DE) 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 JTR, volume 1, paragraph U5310-G), actual storage, and handling out charges to the warehouse docks.

- Charge storage expenses to the appropriation current in the fiscal year when services are provided.
- Charge the cost of nontemporary storage of HHG in commercial facilities resulting from PCS movement of military personnel (see JFTR, volume I, paragraph U5380) to the CMA account prescribed for this purpose.
- When HHG are at an overseas location and are returned to CONUS for storage, charge the cost of overseas shipment to 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, part G). 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, part F).)

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 (doesn't apply to Foreign Military Sales reimbursable costs). DFAS-DE/WFR administers this account.

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.

- Military personnel PCS costs related to FMS cases are reimbursable. Finance the costs with FMS funds, unless the case is funded with MAP funds or non-repayable FMS credits (DoD 7290.3-M, *Foreign Military Sales Financial Management Manual*, paragraph 70103E). See DoD 7290.3-M, Section 701 for additional guidance.
- 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 should .

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 177-373, volume II. 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 DBOF 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. Charge TDY travel costs directly related to PCS moves to the MILPERS PCS account only if all of the following conditions are met:

- TDY doesn't exceed 15 days and is performed enroute to a new PCS station.
- 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.
- If PCS is HQ USAF-directed, TDY must be authorized by HQ AFMPC/DPMO for colonels, and by HQ AFMPC/MPCRPP for other officers (lieutenant colonel and below) and enlisted personnel. If PCS is command-directed, the MAJCOM/MP must approve the TDY according to DFAS-DE Regulation 177-103.

12.5.15.2. TDY Costs Not Chargeable to the MILPERS Appropriation:

- Charge TDY requirements, other than those in paragraph **12.5.15.1.**, to O&M 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.

- 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 para **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 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.

12.5.16. Fiscal Year (FY) Chargeable for PCS Moves:

- All PCS orders contain a transfer effective date (TED). Charge the PCS to the FY that coincides with the TED. (PCS travel requests for entry on or separation from active duty don't contain a TED; determine the date chargeable from the date of entry on active duty or date of separation.)
- Be careful not to cite a subsequent FY appropriation because the authority to obligate subsequent year funds depends on congressional approval given in the annual appropriation acts. When a TED falls in a subsequent FY, use a 9 code with the current appropriation (see DFAS-DE Regulation 177-103, part 3, paragraph 20-9).
- See AFMAN 36-2125 to compute transfer dates.

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 (TRs) according to applicable directives. Charge appropriations as follows:

- **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.
- **Navy Enlisted Personnel.** The Navy Department doesn't 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.
- **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 MA Account (P-591) for:

- Return of absentees, deserters or escaped prisoners.
- Payment of rewards and reimbursement for apprehension, detention and delivery of absentees, deserters, and escaped prisoners.
- Travel of guards after the member is identified as a deserter by the parent organization.

12.7.1. Return of Absentees, Deserters, or Escaped Military Prisoners. The Air Force may furnish military personnel 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 pay account of the Air Force member finances this expense. If you furnish transportation and meal tickets to personnel from another military department, charge the cost to the appropriation of the appropriate military department (that is, MILPERS, Army, Navy, or Marines).

12.7.2. Payment of Rewards and Reimbursements for Apprehension, Detention and Delivery of Absentees, Deserters, and Escaped Prisoners. Per AFI 36-2911, 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, or escaped military prisoners to military control under Air Force CMA account 591.02.

12.8. Travel of Guards:

- Charge transportation requests (TRs) and meal tickets furnished to Air Force personnel acting as escorts of Air Force absentees, deserters, or escaped military prisoners to the Air Force CMA account P-591.03. **Don't charge** these expenses against the pay of the Air Force returned member.
- 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 Workday 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 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.

12.9.3. You may mix resources (workdays and travel costs) between active and reserve forces component appropriations under circumstances where it's clearly beneficial to the total force and agreeable to both the reserve component unit providing the support and the active Air Force command requesting the support.

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. See AFH 24-502 for guidance on nontemporary storage entitlements.

12.11. Reimbursements for Military Personnel Services . See paragraph **5.4.4.** and chapter 18, DBOF.

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 Operation and Maintenance (57*3400) 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 Travel Regulations. See AFMAN 65-604, PCS budget projects 5710 and 5810, for correct subproject coding.

12.14. Consecutive Overseas Tours . See paragraph **4.39.** for guidance on paying round-trip travel expenses for military personnel and their dependents from overseas to the CONUS between consecutive overseas tours (COTs).

Chapter 13

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION (RDT&E) APPROPRIATION (57*3600)

Section 13A—General Guidance

13.1. Using RDT&E Categories. The RDT&E appropriation consists of the mission program and the management and support program.

- Use the Mission Program to budget and fund for all RDT&E work under contract with private industry, educational institutions, federal contract research centers, and other government agencies, as well as for Air Force work.
- Use the Management and Support Program to budget and fund for operating and maintaining R&D facilities and RDT&E work at Air Force facilities. See **Chapter 4** and **Chapter 10** for general funding guidance that applies to this program.

13.2. 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:

Budget Program	Activity	Title
610	1	Basic Research
620	2	Exploratory Development
630	3	Advance Development
640	4	Demonstration and Validation
650	5	Engineering & Manufacturing Development
660	6	Management Support
670	7	Operational Systems Development

13.3. Managing RDT&E Funds. The Air Force manages RDT&E funds by program elements (which is also the baseline for reprogramming) for the current and immediately preceding 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. 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.

13.4. Applying Incremental Programming and Financing for RDT&E. Follow the guidance in DoD 7000.14-R, Vol 2A, chapter 1.

13.4.1. Limit reapplying of funds in the second year to cost growth within scope or to requirements which are a bona fide need of the appropriation year as defined by DFAS-DE Regulation 170-8. Refer to paragraphs **13.8.** and **14.7.** Commands should identify funds above programmed requirements to be obligated in the first year to SAF/FMBIA and SAF/AQXR, so the Air Force can reapply funds to other priority programs.

13.4.2. MAJCOM Headquarters will control exceptions to incremental programming and financing during execution. Report approved exceptions totaling $2M or more for any one project to SAF/FMBIA and SAF/AQXR. Provide your report to the Air Staff by the end of May. Identify the program element, project number, appropriation year(s), period(s) of performance and the rationale(s) for the exception(s). Adjust budgeting/programming estimates to rephase funding coincident with the fiscal year, in the event exceptions are authorized.

13.5. Delineating Funding Responsibility Between RDT&E and Procurement Appropriations:

- See volume 2A, chapter 1, of DoD 7000.14-R, for guidance on the types of costs RDT&E and related appropriations finance. Also see **Chapter 8** of this AFI.
- Normally, you should cite RDT&E and procurement funds on separate contracts. However, if that is not practical, you should specify separate tasks in the contract (contract line items) so you'll have documentation on contract accounts and voucher payments tied to specific appropriations.

13.6. Family Housing . Don't use RDT&E to construct, operate, and maintain family housing at R&D installations or activities.

13.7. Tenant Activities . See **Chapter 7**.

13.8. Managing Uncommitted and Unobligated Balances in RDT&E . Apply the following to make sure approved R&D programs are timely and effective.

13.8.1. HQ USAF may withdraw uncommitted balances at the end of the first year of availability.

13.8.2. 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.

13.8.3. 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**.

13.8.4. The RDT&E appropriation is legally available for up to 2 years for a new obligation. You may incur obligations at any time during the 2 years, if the related action concerns an item authorized in the program authorization and budget authorization (PA or BA) documents issued for the appropriation year. But get SAF/FMBIA's written approval before using unobligated second-year, management and support funds to finance new obligations for recurring day-to-day operating requirements. Examples include civilian pay, TDY, communications, custodial service contracts, supplies, etc.

13.8.5. You may use management and support funds to finance deferred, nonrecurring, investment costs - such as equipment purchases and facility projects by contract - or any other **deferred nonrecurring effort** if:

- It is a bona fide need of the prior fiscal year.

- It is a proper charge to management and support funds.
- HQ AFMC approves this case.

13.9. Charging Cost Increases for Incrementally-funded R&D Contracts:

13.9.1. Incrementally funded RDT&E contracts are:

- 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.
- 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.

13.9.2. Charge cost increases as follows:

- 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).
- 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.

13.10. Aircraft Engine Component Improvement . See DoD 7000.14-R, Vol 2A, chapter 1.

13.11. Information Processing Equipment (IPE) . See **Chapter 4**, **Section 4C**.

13.12. Value Engineering . See **Chapter 8**.

13.13. Factory Training . See **Chapter 10**, **Section 10L**.

13.14. 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

13.15. Acquiring Facilities with RDT&E Funds. Generally, you must use MILCON to acquire facilities at government-operated R&D installations and activities. Don't 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, don't use RDT&E funds to produce facilities on mili-

tary installations primarily for long term military use. You may use RDT&E funds for the following categories of construction.

13.15.1. 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.

13.15.2. 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.

13.15.3. 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/MII approval (through HQ USAF/CEC and SAF/FMBI) of any waivers to the three year removal policy .

13.15.4. Unspecified Minor Construction (10 U.S.C. 2805) . Use RDT&E for unspecified minor construction projects costing $300,000 or less. All unspecified minor construction must result in a complete and usable facility. Don't use incremental construction, which is the planned acquisition of, or improvement to, a real-property facility through a series of minor construction projects). See AFI 32-1021 and AFI 32-1032.

13.15.5. 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 DoDD 4275.5, *Acquisition and Management of Industrial Resources*). Submit each project through AF/CEC to SAF/MI for approval. Follow guidance in AFI 63-701, the Defense Federal Acquisition Regulation Supplement, DFARS 245.302-1, and HQ USAF supplements to the FAR. **Don't** use this authority to acquire facilities with general utility. ("General utility" means adaptable for uses other than the original purpose without alterations costing over $300,000. **All** offices and warehouse buildings have general utility.) You don't have to treat test and prototype facilities as having general utility simply because they may be used as warehouse space with only minor alterations.

13.15.5.1. Facilities for contractors must meet these criteria:

- The contractor alone operates and maintains complex.
- Convenience of the government and unusual circumstances dictate using RDT&E funding instead of MILCON funding.
- The construction or improvement doesn't have general utility.

13.15.5.2. 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 $200,000. Wait 30 days after Congressional notification before entering into these transactions.

13.15.5.3. If the project isn't 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/CEC and SAF/MI.

13.15.5.4. 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.

13.15.5.5. 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 $200,000). The Air Force must always submit the report when the fair-market ground rent (regardless of the rent actually charged) exceeds the reporting threshold.

13.15.5.6. 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 $200,000. Include a report on the facts concerning the proposed transactions.

13.15.5.7. 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 $200,000, 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).

13.15.5.8. Don't 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't occupy more than 25% of the available space. To exceed this 25% limit, you must get a waiver from SAF/MII, 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.

13.15.5.9. 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. Don't install or construct facilities that wouldn't be readily available or separable without unreasonable expense (on property not owned by the government) unless the contract contains:

- A provision to reimburse the government for the fair value of the facilities
- An option for the government to acquire the underlying land
- Or an alternative provision that protects the interests of the United States.

13.15.6. 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 aren't designed for disassembly and relocation aren't relocatable buildings.) Don't 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/MII, submitted through HQ USAF CEC and coordinated with SAF/FMBI. Fund site preparation, foundations, utilities, and other supporting construction costs under $300,000 according to (para **13.15.4.**) EEIC 529. Include in your justification why the requirement is temporary and how you'll 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.

13.16. 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 doesn't expand the facilities outer dimensions and is for one or more of these specific requirements:

13.16.1. 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, don't go on the real property records. For cost categories and additional guidance, see AFI 32-8001.

13.16.2. Installing false floors and platforms required only to support operating equipment. Use **Chapter 4**, Section S, for cost definition and additional guidance.

13.16.3. 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 $300,000), from the MILCON appropriation.

13.16.4. 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.

13.16.5. 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.

13.16.6. 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.

13.17. Installing Air Conditioning. Use RDT&E:

- 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.
- For equipment that the manufacturer states must be operating in an air-conditioned or humidity-controlled space.
- For prefabricated clean rooms installed in non-air conditioned space or when the building's central system can't keep the clean room at the right temperature and humidity.
- For operator comfort when the equipment to be installed will make the nearby temperature or humidity unreasonably high.
- Mechanical ventilation and separate exhaust systems, when needed to keep people safe or equipment operating to the manufacturer's specifications.

13.18. 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:

- The equipment or facility project must support an approved RDT&E effort.
- Resources must be available.
- Preliminary engineering must be complete.
- The Air Force must submit and the Congress approve a DD Form 1391, **FY 19__ 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."

13.19. Approving RDT&E Funds:

13.19.1. 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 $300,000. 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 construction 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.

13.19.2. 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 63-701. SAF/AQXM is the Air Staff office of primary responsibility (OPR) for all industrial and R&D facilities supporting contractor operations except for the Lincoln Laboratory. SAF/AQT is the office of collateral responsibility (OCR) for the Lincoln Laboratory. Process equipment installation projects for the Lincoln Laboratory according to this instruction.

Acquiring and installing RDT&E Equipment. (See paragraph **13.16.**)

The Commander of AFMC may:

- Approve a project clearly within the intent of paragraphs **13.15.1.** and **13.16.** provided the construction cost is $300,000 or less.
- Approve any project described in paragraphs **13.15.2.**, **13.15.3.** or **13.15.6.** with a cost of $300,000 or less for construction.
- Delegate in writing all or part of the approval to particular senior staff officers, intermediate commanders, and laboratory directors.

SAF/FMBI must approve any project not clearly within the intent of paragraphs **13.15.** and **13.16.**

13.20. Responsibilities of SAF/FMB:

- SAF/FMBM develops and maintains Air Force policy and criteria for using RDT&E funds to finance the type of work defined in paragraphs**13.15.** and **13.16.**
- SAF/FMBI ensures a corporate Air Staff review of projects during the Summer Budget Review and approves RDT&E funds for work as specified in this instruction.
- SAF/FMBI approves, as an exception, projects not identified in the budget request with an installation, test or prototype cost up to $300,000 if you identify justification for their urgency (cost penalties, program delays, etc.). Show these projects in the next budget submission.

13.21. Responsibilities of SAF/MII. 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.

13.22. Responsibilities of HQ AFMC:

- Implement this instruction.
- 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.).
- 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 is prepared for each project not within the $300,000 threshold or not within local approval authority. You may consolidate unspecified minor construction less than $300,000 on one Form 1391. You may approve projects costing less than $15,000 on AF Form 327 or other auditable document.
- Submit AF Form 1391 to SAF/FMBI with copies to HQ USAF/CECP. Submit annually on 15 June unless directed otherwise. RCS: DD-COMP (AR)) 1092 applies to this reporting requirement. Instructions are in Volume 4, AFI 65-601. For construction planned on an incremental funding basis, you must justify less than full funding.
- 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 $300,000, document the unusual circumstances and convenience of the Government which warrant using RDT&E.

13.23. Accounting Records:

- Account for work done under this instruction that becomes real property on real property records. Refer to AFI 32-9005.
- In the real property account, don't 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.
- 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 67-1.

13.24. 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 AFMAN 37-139.

13.25. Environmental Certification:

- You must consider environment impact in planning and designing each. See AFI 32-7061.
- 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 Logistics Center Commander) approval authority, submit an environmental certificate of compliance (DD Form 1391c) to HQ AFMC/CEP before beginning work.

Chapter 14

TEST AND EVALUATION

14.1. Applying This Chapter. 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.

14.2. Funding Test and Evaluation Costs .

14.2.1. Finance development prototypes, pilot line production, and test articles as follows:

- Use RDT&E to fund for development (preproduction) prototypes for Developmental Test and Evaluation (DT&E) as well as Initial Operational Test and Evaluation (IOT&E).
- Use RDT&E to pay for initial pilot line production if the testing activity requires special pilot items for DT&E or IOT&E. See paragraph **8.22.** for pilot production guidance.
- Use Procurement funds to acquire test articles for Follow-on Test and Evaluation (FOT&E), Qualification T&E (QT&E), qualification tests, Production Acceptance T&E (PAT&E), and Qualification OT&E (QOT&E).
- Use procurement and O&M-type funds to reconfigure R&D-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 OT&E program for a different military end item as follows: ("Special support" costs consist of major end items not included in the stock funds, such as weapons, test vehicles, equipment, or their major components.)

14.2.2.1. Generally, you use RDT&E to buy test articles and test support. Include costs for "special support" and "command support" for all RDT&E tests before and leading to acceptance for operational use (i.e., through IOT&E).

14.2.2.2. Pay for items that can be reassigned to T&E programs from inventory (without buying more) as follows: (Items otherwise approved for procurement for operational use and not consumed in testing.)

- Don't use test funds to reimburse for such items (excluding stock-funded (DBOF) items.)
- If an operational requirement develops during the loan period, you must return that item to the inventory or buy a replacement with test funds.
- The test director provides for maintenance (other than class V changes) possible without interfering with the test purposes.
- Use DT&E or OT&E test funds to pay for costs restoring these items to their original form and condition when they go back to operation after completing the DT&E or OT&E is over.
- Then, use procurement and O&M-type funds to update the items to operating form.

14.2.2.3. Pay for items consumed in test and evaluation with T&E funds, except those in 14.2.3.4.

14.2.2.4. Don't reimburse for consumable rounds of ammunition or similar tactical missiles, unless working capital funds paid for them. We're talking about items bought in quantity for inventory under existing procedures and issued as on a priority for testing.

14.2.2.5. Use RDT&E for items which require engineering, design, integration, test, or evaluation before placing them into T&E.

14.2.3. Use RDT&E (AFMC) 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 development testing which RDT&E is paying for.

14.2.4. Pay for flying hours as follows:

- 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.)
- Don't use test funds to reimburse maintenance costs per flying hour at the base-level.
- Exception: Follow the guidance in DoDD 3200.11-D for flying-hour support provided by designated DoD major ranges and test facilities. Follow DFAS-DE Regulation 170-24 and paragraph 14.2.13.5 for Air Mobility Command (AMC) DBOF-T aircraft not used as the primary test vehicle.

14.2.5. Reimburse direct costs for support from designated research 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-D, AFI 99-101).

14.2.6. Use procurement or O&M funds, as appropriate, to pay for testing not associated with RDT&E, such as:

- Acceptance, quality control and surveillance testing of articles obtained for other than RDT&E.
- Routine testing for logistic support.
- Testing related to operating and maintaining equipment and material bought under appropriations other than RDT&E.
- 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 on Expense/Investment criteria) to fund commercial items for testing and operational evaluation which do not require RDT&E engineering, design or integration. Pay for personnel and command support costs from O&M when field units and evaluate operation of commercial items for doctrine, operations, or organization.

14.2.8. Apply this guidance for all test and evaluation (T&E) after accepting an item for operation. Also apply it for T&E to show how the item operates or to develop operational tactics (i.e., after IOT&E).

- Use O&M or procurement funds (based on expense/investment criteria) to acquire test articles.
- 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 of special-purpose equipment and software for automatic data processing. Here we mean equipment or software:

- Specially designed to meet a military operational requirement or to do only a predetermined set or series of computations.
- Which may need to meet specific physical or environmental conditions.
- Which are physically or functionally integral to a higher order system). Use O&M or Procurement funds (based on expense/investment criteria) to buy and test these items for operation.

14.2.11. See **Chapter 4**, **Section 4C**, for funding general-purpose equipment and software used in automatic data processing.

14.3. Funding OT&E :

14.3.1. Types of Funds. Except when this chapter states otherwise:

- AFOTEC funds the net additive costs to do IOT&E and direct support costs with RDT&E.
- The Operational Test and Evaluation Command (OTEC) funds net additive costs to do FOT&E and QOT&E, as well as direct support costs with O&M.

14.3.2. Test Items:

- The owning command pays the cost of procuring the test item and its direct support (either the implementing command (using RDT&E or procurement funds), or the operational command (using O&M-type funds). (Exceptions for direct support: maintaining the test item (including contractor support), supply items to keep the test item serviceable, and POL for the test item.)
- Don't use OT&E test funds for these costs

14.3.3. AFOTEC Support of OT&E. The Air Force Operational Test and Evaluation Center (AFOTEC) uses its O&M to do some work that supports all OT&E.

- Monitoring of MAJCOM-conducted OT&E.
- Administering OT&E policies and programs.
- Analyzing test results not related to specific programs.
- Supporting scientific, technical, planning, or analytical work under contract but not related to specific programs.

14.3.4. Implementing Command's (usually AFMC) Involvement in OT&E. The implementing command uses O&M-type funds (3400 or 3600) to pay its own travel, per diem, overtime, and other support costs. This does not apply to AFMC organizations involved with the program office or acquisition process that provide technical support to the test, such as the Air Force Human Resources Laboratory (AFHRL).

14.3.5. Defense Business Operations Fund-Transportation (DBOF-T) Support to OT&E:

- **Use as an OT&E Test Vehicle.** If one of AMC's DBOF-T aircraft is required for a dedicated test role, AMC, as owning command, will provide the aircraft without reimbursement from

test funds. An example would be an aircraft required to airdrop test material or fly approaches to a test navigational aid (NAVAID). AMC/XPT budgets and funds for OT&E dedicated test flying hours.

- **Use To Transport of Test Articles or People.** Pay transportation costs from test 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 active testing is over, the OTEC will continue to use test funds (RDT&E for IOT&E, or O&M for FOT&E and QOT&E) for OT&E activities that occur through the test reports and results briefing. After these phases are complete, the operating or supporting command finances these costs.

14.3.7. Personnel Costs. Use test funds to reimburse overtime and pay temporary overhires directly supporting the test for "fee for service" operations, such as ranges). Don't use test funds to reimburse supporting commands regular base pay (base and benefits) of permanently authorized personnel.

14.4. Funding Qualification Tests, QT&E, 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 don't have RDT&E funding). Also, use procurement to pay for the QT&E of aircraft, missiles, and equipment after modifications. Pay the implementing command's TDY costs with O&M-type (3400 or 3600) funds.

14.5. Budgeting and Funding DT&E . AFMC budgets and funds DT&E requirements as a part of the total development budget for weapon system.

14.6. Budgeting and Funding for IOT&E:

14.6.1. AFOTEC will fund IOT&E for each acquisition program with RDT&E. (See paragraph **14.3.** and chapters 1 and 5 of the *DoD Financial Management Regulation,* 7000.14-R, Volume 2.) The OTEC budgets for O&M costs using regular O&M budget channels.

14.6.2. AFOTEC will submit IOT&E requirements for the Program Objective Memorandum (POM) and budget submissions to HQ USAF/TER & SAF/AQXR/FMBI. (Exception: AFOTEC identifies requirements for MFP XI funded IOT&E's to USSOCCOM, who is responsible for POM and budget submissions.) HQ USAF/TER will confirm that IOT&E 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 IOT&E test team member requires Type 1 factory training (as defined in AFI 36-2201) to meet IOT&E test team requirements, Air Education and Training Command (AETC) will pay the training cost with IOT&E test funds, irrespective of any follow-on benefits the training might provide. This includes the contract cost itself and related TDY. The OTEC will issue training funds to AETC as sole procuring agent. If a separate training contract is impractical, the program manager may include Type 1 training as a line item in the acquisition contract, as provided in AFI 36-2201. AETC will continue to fund Type 1 training for O&M-funded tests (QOT&E and FOT&E).

14.6.4. When combining DT&E and IOT&E, the implementing command programs and budgets the DT&E portion. The OTEC will program and budget net additive costs for IOT&E (see paragraph

14.6.2.), which should agree with those activities assigned to IOT&E in the T&E Master Plan (TEMP) and associated Test Resource Plan (TRP).

14.6.5. In determining IOT&E versus FOT&E costs for budget formulation, use the scheduled major production decision date directed when preparing field budget submissions. For programs that don't have a major production decision, use the net additive IOT&E requirements as determined by AFOTEC for planning, budgeting and funding.

14.7. Budgeting and Funding FOT&E and QOT&E Requirements. The OTEC programs, budgets, and funds for FOT&E and QOT&E test costs (see paragraph 14.3.) and submits these requirements in its command O&M submission.

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
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**.

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.

Table 15.1. Reserve Personnel, AF, Budget Activity Codes.

Use These Budget Activity Codes (BACs)	For These Projects:
BAC 1, Unit and Individual Training	Projects 721 through 725 plus Subprojects 729.01 thorough 729.52.
BAC 2, Other Training and Support	Projects 726 through 785 except for Subprojects 729.01 through 729.52.

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:

- **Pay Group A (Project 721).** For personnel assigned to units or major command (MAJCOM) mobilization augmentee positions and authorized 15 days of paid active duty for training each fiscal year, 48 paid inactive duty drill periods, with an additional 48 inactive duty training periods for selected personnel on flying status.
- **Pay Group B (Project 722).** For personnel assigned to major command (MAJCOM) mobilization augmentee positions and authorized 15 days of paid active duty for training and 24 paid inactive duty drill periods each fiscal year.
- **Pay Group D (Project 723).** For personnel assigned to major command (MAJCOM) mobilization augmentee positions but do not have a predesignated mobilization assignment. Authorized 15 days of paid active duty for training each fiscal year.
- **Pay Group F (Project 725).** For non-prior service personnel while receiving initial active duty for training with follow-on technical training or on-the-job (OJT) training.
- **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 36 drills, before entering initial active duty for training.
- **School Tours (Project 726).** Category includes USAFR officers and enlisted members performing tours of active duty for training as students at regular, associate, refresher, and techni-

cal courses at service schools, unit schools, and officer training schools to increase the mobilization potential and readiness of reservists.

- **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 overwater indoctrination flights, airborne support training, aircraft ferrying, aircrew instructors, command and staff supervision, exercises, etc.)
- **Administration and Support (Project 728)**. Project includes USAFR officers and enlisted members on active duty under 10 U.S.C. Sections 265, 672-678, 8021, and 8038. It also includes pay and allowances of reservists for periods of disability and hospitalization related to illness or injury suffered during periods of active or inactive duty training, death gratuities, Individual Ready Reserve (IRR) training and stipend payments, and bonus programs including the Montgomery GI Bill. This project is for use in FY 92 and prior years.
- **Retirement Accrual (Subproject 729)**. Includes funds withheld for retirement pay based on basic pay of Projects 721 thorough 728. Transfer funds to the Veterans Administration. This project is for use in FY 92 and prior years.

15.2.1.1. 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 do not belong to other projects. (See AFMAN 65-604 for subprojects.)

15.2.1.2. 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.)

15.2.1.3. 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.)

15.2.2. Program 780, Reserve Officer Training Corps (ROTC) and Health Profession Scholarship Program (HPSP). This program provides for:

- **ROTC Programs.** Provides uniforms to all students enrolled in the ROTC programs. Contract students in senior ROTC receive pay, travel and subsistence allowances. Noncontract students receive pay and travel allowances while undergoing practical military training (i.e., summer field training). Covers travel, transportation, billeting and per diem for Junior ROTC students authorized to participate in base visit programs. The ROTC program includes four parts:
- **Senior ROTC (Subproject 781).** For students enrolled in units at college or university level. The mission of this program is to commission second lieutenants based on Air Force requirements. Schools participating in this program may have a 4-year program, a 2-year program, or

both. Students may qualify for the 2-year program by successfully completing a 6-week field training course equivalent to the first 2 years of the 4-year program.

- **ROTC Scholarships (Subproject 781).** For students appointed as scholarship cadets at college or university level. This program authorizes a specific number of scholarships to members enrolled in the senior ROTC program.
- **Junior ROTC (Subproject 783).** For students enrolled at public and private secondary schools. The mission of this program is 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.
- **Other Training Program (Subproject 784).** Includes advanced training programs for selected Senior or Scholarship cadets to spend two or three weeks in job related orientations at active Air Force installations. Also includes four to six weeks flight programs for selected Senior or Scholarship cadets receiving flight instructions.
- **Health Professions Scholarship Program (Project 785).** Provides for stipend, travel, and uniform allowances for students enrolled in health professional study at an accredited college, university, or institution. It also provides for pay and allowances of these students while on active duty for training.

15.2.3. 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:

- Charge 3700 if the participating reserve personnel are fulfilling USAFR personnel program training requirements.
- Charge 3500 if the participating reserve personnel are fulfilling active duty Air Force mission requirements (excluding accession and separation travel which you pay from unit USAFR O&M funds). In this case, 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.
- You may mix resources (workdays and travel costs) between active and reserve component appropriations if it clearly benefits the total force and is mutually acceptable to both the USAFR unit providing the support and the active Air Force command requesting the support.

15.2.4. Funding Pay and Allowances for AFRES Members Who Are Court-Martialed. The member's assigned home reserve unit will fund the member's pay and allowances (1) from the time the member is called up for active duty, (2) while the member may be confined, (3) and until the member is either acquitted or released from active duty status after confinement. Depending on the court-martial ruling, pay and allowance amounts may vary during the period from the call up to active duty until release from active duty status. (See **Table 10.1.** for travel expense responsibilities.)

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 15.2. Operation 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 (see **Figure 7.1.** item 11.)
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 isn't limited to) using:

- Air Force procurement appropriations to fund investment type items. (Examples are aircraft spares, vehicular equipment, base support equipment, etc.)
- Military Personnel, Air Force appropriation (57*3500) to fund pay and allowances of active Air Force personnel assigned to support the Air Force Reserve.
- Air Force O&M (57*3400) to fund Defense Environmental Restoration Account (DERA) support for Air Force Reserve units.
- Other appropriations, as applicable, to fund certain support costs connected with host-tenant agreements, other support agreements, or other programs covered elsewhere.

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 financial 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 (HQ USAF/DPP) and

Surgeon General (HQ USAF/SGHP) will perform these functions for budget program 780 of the Reserve Personnel appropriation.

15.6. Supporting AFRES 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. 673b) :

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 as provided for in **Chapter 10**, **Section 10B**, Temporary Duty Travel 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. Funding Air Force Reserve Component Volunteers (10 U.S.C. 672d):

15.8.1. 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.

15.8.2. Pay and Allowances. Finance military pay and allowances for personnel called to active duty from the Military Personnel (57*3500) appropriation.

Chapter 16

AIR NATIONAL GUARD (ANG) APPROPRIATIONS

16.1. Supporting the ANG. Three major funding sources support the ANG:

- 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.
- 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.
- 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 the 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. sections 265, 672, 678, 8033, and 8496; for expenses under 32 U.S.C. 708; and for expenses of personnel undergoing training or performing drills or equivalent duty 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:

- 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.
- 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.
- You may mix resources (workdays and/or travel costs) between the active Air Force and ANG appropriations when it's clearly beneficial to the Total Force and mutually agreeable to both the ANG unit providing the support and the active Air Force command requesting the support.
- 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 (P520). 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.

- **Pay Group A (Project 521).** These personnel are authorized 15 days paid annual training each fiscal year, 48 paid inactive duty drill periods, and 36/48 additional flying training periods for personnel on flying status, and training period preparation assemblies for part-time commanders.
- **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.
- **Pay Group P (Project 523).** Nonprior service personnel who participate in multiple drill assemblies or weekend training for up to 36 paid drills before entering initial active duty training.

16.2.4.2. Other Training and Support (P540). 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. sections 265, 672, 678, 8033, and 8496; and 32 U.S.C. 708.

- **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.
- **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 (for example, command requirements for the National Guard Bureau, ANG support of Air Combat Command (ACC) alerts, ANG support of JCS exercises, etc.).
- **Administration and Support (Project 543).** These personnel include ANG officers and enlisted personnel on active duty under 10 U.S.C., sections 265, 672, 678, 8033, and 8496 and 32 U.S.C. 708. This category also includes pay and allowances of 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.
- **Education Benefits (Project 544).** All costs associated with the payment to the DoD Education Benefits Trust Fund for educational assistance of ANG military personnel. For purposes of eligibility, this program began 1 July 1985 and ended 30 June 1988. 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 Air Force 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 AFR (DFAS-DE) 170-8 for criteria). See AFR (DFAS-DE) 177-103, part 3, 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 three budget activity codes (BAC) as follows:

Table 16.1. Operation and Maintenance, ANG, Budget Activity Codes.

Use This Budget Activity Code	For These Costs
Mission Forces (BAC A5)	Aircraft POL, 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.
Depot Maintenance (BAC B5)	Depot level aircraft repair and modification, engine overhaul, repair of other major end items, area base support, and sustaining engineering applicable to ANG aircraft and equipment.
Other Support (BAC C5)	Pay of civilian personnel, travel (except travel in support of MILCON), transportation, utilities, and rent, communications, contractual services, supplies, and equipment for the operation and maintenance of the National Guard Bureau, Air Deputate, Pentagon.

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:

- All depot maintenance operations, including contractual maintenance. (See paragraph **16.4.**)
- 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.
- Civil engineering services for summer training facilities on Air Force installations made available for summer training, including opening and closing costs. If the facilities are

used jointly with components of the Air Force, the using ANG agencies will reimburse for services according to intraservice agreements between local commanders.

- Minor construction under $300,000 for the exclusive use of the ANG.
- TDY costs of Air Force military personnel on duty with the ANG, if the ANG directs the TDY.
- Except as provided in 16.3.2.2, the ANG funds all nonstock fund expense materiel and all issues of expense materiel from the Supply Management business areas of the Defense Business Operations Fund (DBOF) to the ANG. ANG units are authorized customers of the DBOF; 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 DBOF by any authorized Air Force customer.
- Care of the dead (except for those expenses paid by DFAS-DE, citing Air Force O&M funds per AFI 34-501).
- 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.
- 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.
- Major repair projects for jointly used facilities. Charge the cost on a pro rata basis tied to the percentage of occupancy or utilization. **Except:** where the project results from an operation peculiar to one agency, that agency will bear the full expense of the project.
- Contract maintenance and repair of ground powered vehicles and other equipment possessed by the ANG.
- Expense materiel 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.
- Expenses of toll calls or other specialized communications required.
- TDY-to-school or courses in an air technician or full-time active duty status only, 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:

- Hospitalization in Air Force medical facilities for ANG personnel entitled to hospitalization according to AFI 41-115.
- 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. Stock fund (DBOF) items are transferred as an intrastock fund transfer, to the supply account, if capitalized. If not capitalized, reimbursement is required.

- 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 don't exceed those provided by the host for its own use.
- Weather and flight clearance services or aeronautical charts furnished to transient ANG flight crews when required for continuation of flight.
- Replacement parts issued for transient ANG aircraft from Air Force base stocks, when required for continuation of flight. (Currently if less than $20,000, the servicing base pays for the DLR part. If more than $20,000, the transient aircrafts' home station pays for the part.)
- P-(S) AND P-1A modifications of aircraft, components, or equipment, including installation costs.
- 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.
- Locally procured investment equipment required for the ANG.
- 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.
- 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.
- Meteorological equipment (MET) maintenance support furnished to ANG weather flights by the Air Force Communications Command (AFCC) weather maintenance technicians.
- 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 depot maintenance business area of the Defense Business Operations Fund (DBOF) for depot-level support in these areas:

- Aircraft maintenance.
- Engine overhaul.
- Other major end items repair.
- Area support.
- 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 Logistics Centers (ALCs), 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 DBOF for engine overhaul, generators, exchangeable repairs, and service engineering . Therefore, the ANG will authorize ANGRC to accept SF 1080 bills up to an established limit, by area. Those identified funding limits are committed, however, to the DBOF. The available funds are obligated when ANGRC receives the SFs 1080. Specific instructions for each area follow:

- Engine Overhaul. On a monthly basis, OC-ALC/ACFSA furnishes engine managers at Oklahoma City ALC (OC-ALC) and San Antonio ALC (SA-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 bill ANGRC monthly for the standard reimbursable unit cost for each engine input. This standard cost is composed of the current DBOF engine unit sales price plus the repair cost of its related exchange material. If engine overhaul work is to be performed by a contract field team, you may use direct fund cite procedures described in 16.4.2.1.
- 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.
- 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. Quarterly, the ALC submits SF 1080 billings to ANGRC for reimbursement.
- 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. General Information. The Security Assistance (SA) program is composed of two separate and distinct categories; grant aid and foreign military sales (FMS). The Military Assistance Program (MAP) and the International Military Education and Training Program (IMET) are grant aid programs that are carried out under authority of the Foreign Assistance Act of 1961, as amended. (Effective 1 Oct 1981, MAP financing became part of the FMS trust fund.) FMS are made under authority of the Arms Export Control Act of 1976, as amended. These laws are subject to reconsideration each year by Congress, at which time the funds needed to carry out the grant aid program are authorized and other amendments usually are made. AFR 170-3 explains the roles, responsibilities, and interrelationships of HQ USAF and performing commands in the financial management of the SA program.

17.2. Military Assistance Program (MAP) and the International Military Education and Training Program (IMET) (Grant Aid). The annual MAP on which the President's budget and apportionment request are based is derived from military requirements of eligible allies to meet long-term United States foreign policy and strategic objectives.

17.2.1. Based on strategic and procedural guidance transmitted to the unified commands by the Office of the Secretary of Defense (OSD) and the Joint Chiefs of Staff (JCS), and the supplemental instructions of the unified commands, each military assistance advisory group (MAAG), or Office of Defense Cooperation (ODC), with the assistance of the Agency for International Development (AID) mission and the embassy, provides the unified command with country planning and programming data and recommendations. The unified commander reviews these data and recommendations and submits his or her recommended programs, by country and year, to OSD who, in turn, justifies the requirements to Congress.

17.2.2. After Congressional approval and apportionment by the Office of Management and Budget (OMB), OSD issues MAP orders to the implementing commands of the services (Army, Navy, and Air Force) for allocating the funds and implementing the program. See AFR 170-3 for a detailed explanation of Air Force policies and procedures that relate to MAP and IMETP.

17.3. Foreign Military Sales (FMS). *The International Security Assistance and Arms Export Control Act* of 1976 (Public Law 90-629, as amended) authorizes sales of defense articles and services to friendly foreign countries and international organizations. For specific Air Force FMS policies and procedures, see AFR 170-3.

17.4. Anti-Deficiency Act . The USAF General Counsel (SAF/GC) has determined that FMS trust funds are appropriated, at least as far as the application of the Anti-Deficiency 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 Anti-Deficiency 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 Anti-Deficiency Act.

Chapter 18

DEFENSE BUSINESS OPERATIONS FUND (DBOF)

Section 18A—Financial Administration of the DBOF

18.1. Issuing and Complying With Budget Authority Documents:

18.1.1. Unit Cost Goals:

18.1.1.1. DoD Comptroller (DoD(C)) uses Unit Cost Resourcing (UCR) for DBOF financial management, including cost measurement, cost control, and funding allocation. When possible, DoD(C), Air Force and Commands issue budget authority (Cost Authority Documents) in the form of unit cost goals, based on approved operating and capital budgets.

18.1.1.2. For DBOF business areas, such as supply operations, authorized to incur costs while anticipating customer orders, receipt of an operating budget authority allows you to incur costs up to the amount earned based on the actual work load.

18.1.1.3. For DBOF business areas, such as depot maintenance, authorized to incur costs only after receiving a customer order, receipt of an operating budget provides your overall cost goal. The total costs you can incur depend on the cost goals applied to the actual customer-funded work load.

18.1.1.4. The Air Force and Commands may issue activity goals that vary from the total goal for a business area. 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 work load times the individual cost goals for each business area. Individual activities and business areas can continue to incur costs as long as the total costs for all activities and business areas in the Component (Air Force) do not exceed the total cost authority or earnings for that Component as of fiscal year end.

18.1.2. Fiscal Control. Don't exceed the Total Capital Cost limitation in your Cost Authority Document, based on Section 1517 of Title 31, United States Code (*Anti-Deficiency Act*). But, don't apply the provisions of Section 1517 to operating costs. The "Limitations and Guidance" section of your Cost Authority Document identifies special limitations, goals and other guidance for each activity.

18.1.3. Reprogramming:

18.1.3.1. Operating Budget. The Air Force may reprogram within business areas as long as it doesn't exceed its overall unit cost goal.

18.1.3.2. Capital Budget:

- The Air Force may exceed the total annual capital budget approved, implicitly or explicitly, by the Congress during review of the DBOF only to carry out projects included in the operating budget as capital budget items because of revised cost estimates. Apply approved expense and investment criteria to these projects and reduce the amount earned in the operating budget for each one transfer to the capital budget.
- The Air Force may reprogram capital funds between business areas, but, the maximum annual increase in any one business area must be less than $10 million for each type of capital approved in the President's Budget. The Types of capital consist of ADP equip-

ment and telecommunications, non-ADP equipment and telecommunications, minor construction, and software development. Reprogramming into a business area's capital budget from the operating budget doesn't count against the $10 million threshold.

- Use the Capital Investment Program to finance only capital asset projects included in the President's Budget for the Air Force. Exception: in the year of execution, you may substitute projects when contracts on approved projects are delayed or operations require it. Business Areas may substitute line items for projects costing less that $500,000 each for ADPE and telecommunications equipment without DoD Comptroller's prior approval. If you go over these thresholds get the DoD Comptroller's approval before notification or prior approval substituting. Don't subdivide projects.

18.1.3.3. Revisions. You may revise annual budgets whenever circumstances permit and your Command approves.

18.2. Recovering Full Costs and Setting Prices:

18.2.1. All business areas 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 business area's operating or capital budget. The budget process will fix prices for the year of execution. All levels of command will:

- Evaluate actual costs against revenue generated by workload at established prices.
- Determine profits or losses at the end of the year and use them to evaluate operating efficiency.

18.2.2. Business Areas 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'll 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. Business Area prices must match the rate changes approved by DoD(C) during the budget review.

18.3. Setting Rates:

18.3.1. During budgeting, DoD(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 inter-Fund transactions adjustments to reflect changes in the costs of purchases between business areas within the Fund, and for prior-year gains or losses shown by the AOR. To set rates, the Fund places business areas into two groups:

- **Supply Management.** Use commodity costs with a surcharge to establish customer rates. (See DoD Regulation 7000.14-R, *DoD Financial Management Regulation*, Volume 2, chapter 9.)
- **Non-Supply Management.** Depot Maintenance, Distribution Depots, and all other business areas. 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 business areas establish their output rates and the stabilized customer rates in generally the same way.

18.3.2. Charge the annual stabilized rate for all new customer orders received and accepted during that specific fiscal year, regardless of the fiscal year you actually do and bill the work. In Supply Management, charge customers the stabilized price in effect when the item drops from inventory.

18.3.3. 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 balance customer and DBOF business budgets.

18.3.4. The Air Force must propose cost, program levels, and rate changes by business area in the budget estimate submission to the Office of the Secretary of Defense (OSD). (Note: the annually published **rate change** for business areas is the percentage change in the stabilized rate or price between fiscal years. For example, for 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 current execution 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.)

18.3.4.1. Commands should establish rates and prices for Business Area budgets:

- Carefully review all projected operational costs for the fiscal year, and propose the least expensive operations possible.
- Project customer requirements including anticipated workloads programmed 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.
- In developing proposed rates, conform to OSD and OMB guidance on the impact of inflation, projected pay changes, and other programmatic and policy changes.

18.3.4.2. DoD (C) will establish final approved costs, program levels, and rate changes for each business area by Program Budget Decision (PBD) documents. First, they'll reconcile customer account program levels with anticipated Fund costs, inter-Fund sales, and transactions. Then, they'll adjust for NOR to bring Accumulated Operating Results to zero for the Budget Year.

18.4. Applying Depreciation:

18.4.1. Under the total-cost concept, DBOF 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. Here, a capital investment means anything over $25,000 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.)

18.4.2. Include assets previously acquired through the Asset Capitalization Program (ACP) in your depreciation costs.

18.4.3. Apply straight-line depreciation based on acquisition cost, including installation and related costs. Use this schedule:

- Facilities construction (including minor construction) projects: 20 years.
- Equipment purchases, other than automated data processing equipment (ADPE) and Telecommunications equipment: 10 years.
- ADPE and telecommunications resources: 5 years.
- General-purpose vehicles: 5 years.
- Software development: 5 years.
- Management Improvements (including training): as appropriate.

18.5. Including Costs in the DBOF . Reflect the total cost of production in pricing goods and services. **Total Cost of Production** includes direct costs, indirect costs, allocated general and administrative (G&A) costs, and depreciation expenses and amortization. In addition, apply this special guidance.

18.5.1. Capital Budget:

18.5.1.1. 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 investment includes any investment in equipment, other than ADPE and telecommunications equipment; ADPE and telecommunications resources; software development; minor construction and management improvements having a value of $25,000 or more and a useful life of two years or greater. The $25,000 cut-off is based on Congressional actions on expense and investment criteria. You must fully reflect depreciation of capital equipment in the operating costs and rates of Fund businesses.

18.5.1.2. 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 $25,000. Usually, a central design activity (CDA) improves software based on a reimbursable order from the individual activity, functional business area, 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 DBOF activity.

18.5.1.3. Fund minor construction projects costing $25,000 but less that $300,000 through the capital budget. Depreciate them according to paragraph **18.4.**

18.5.1.4. See paragraph **18.6.** for appropriation-funded capital assets.

18.5.1.5. Don't use the capital budget to establish a new (or to expand) organic except as approved in a capital budget.

18.5.1.6. DBOF activities must derive resources needed for new capital assets mainly from depreciating DBOF assets. With DoD(C) approval, and when necessary to fund the approved capital investment, you may include a capital-purchase surcharge to pay for whatever depreciation doesn't cover.

18.5.2. Civilian Labor. Include compensation and benefits for civilians assigned to a DBOF activity. Also include payments to the Department of Labor for injuries and damages to DBOF employees.

18.5.3. 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.

18.5.4. Costs for Military Personnel:

18.5.4.1. You must reimburse Military Personnel's centrally managed account (CMA) for military people assigned to DBOF. Use the civilian equivalency rates provided by DoD Comptroller.

18.5.5. Temporary Duty (TDY) and Permanent Change of Station (PCS) Travel and Transportation. Finance the cost of civilian and military TDY for people assigned from the DBOF. The gaining DBOF business area pays for PCS transportation of military and civilian employees, their dependents, and household goods.

18.5.6. Transportation. Finance transportation costs (FDT and SDT) for DBOF property in the DBOF. Follow **Table 18.1.** through **Table 18.3.**

18.5.7. Materiel and Supplies. Include the cost of expense materiel consumed in the performance of the DBOF activity's mission (both in-house and government furnished materiel (GFM) to contractors). Charge the DBOF operating account for expense materiel (i.e., having a unit value of less than $25,000 and not centrally managed by an inventory control point). This includes inventory adjustments, price revisions, and noncreditable returns.

18.5.8. Tools and Equipment. Usually, you will charge and expense the costs of tools and equipment having a unit value less than $25,000, regardless of life expectancy, to the applicable DBOF accounting classification. When the unit cost of tools and equipment is $25,000 or more and their useful life is more than 2 years, the DBOF will pay for, capitalize, and depreciate the item.

18.5.9. Contractual Services:

18.5.9.1. 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 DBOF activity requires.

18.5.9.2. 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 DBOF work. Use the appropriate government contracting.

18.5.9.3. Contractual Service Requirements. When DBOF facilities can't do a job, you may issue commercial contracts for that job and related services. Treat the cost of these jobs as a DBOF transaction only when it becomes necessary and follow approved policy for diverting workload to commercial sources after it's inducted into DBOF.

18.5.10. Type 1 Factory Training. Charge initial cadre and follow-on factory training costs to the DBOF activity of assignment. In FY 94 and after, DoD activities will budget and fund costs for initial factory training courses costs (excluding TDY) from the investment account (appropriated fund or

DBOF capital budget) that finances the related equipment or system. Continue to fund TDY costs from your business area's operating account.

18.5.11. Management Headquarters Costs. Include these costs in the rates charged to DBOF customers. Management Headquarters accounts include: major command, subordinate commands, major claimants (for the Navy), and Defense Agency Headquarters.

18.5.12. Base Support. DBOF activities that use the services listed as Mandatory Reimbursement Support Categories or Optional Reimbursement Support Categories in DoDI 4000.19 (*Interservice, Interdepartmental, and Interagency Support*) must reimburse host activities. Identify these costs in your Base Support budget exhibits.

18.6. Excluding Costs from the DBOF:

18.6.1. Mobilization and Surge Costs. You must use direct appropriations to reimburse all DBOF costs related to maintaining a capacity to meet mobilization requirements. Don't finance these costs through customer rates. Prices of DBOF 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 DBOF budget estimates.

18.6.2. Removal and Salvage of Plant and Equipment. Don't use DBOF 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.

18.6.3. Maintenance of Totally Idle Plant, Equipment, and Real Property. Don't pay for these costs from the DBOF. If DBOF operations use these items intermittently, maintenance is a proper DBOF expense.

18.6.4. Operating and Maintaining Activities Located in the DBOF Activity But Not Helping to Produce or Sell Goods and Services. Don't use DBOF.

18.6.5. Base Realignment and Closure (BRAC) Costs. Use the appropriate BRAC account to pay for costs of implementing BRAC Commission recommendations. Don't include in DBOF rates and costs.

18.6.6. Claims for Damage to or Loss of Real or Personal Property Caused by Base or Contractor Personnel. Don't use DBOF for these costs. Exception: you may pay claims for loss or damaging of personal property in normal laundry and dry cleaning operations (AFI 34-901, *Laundry and Dry Cleaning Services and Operations*). (***NOTE:*** Air Force Laundry and Dry Cleaning Services will not be in the DBOF after FY 1994).

18.6.7. Any Major Catastrophe or Act of God. Don't use DBOF when the cost of repair or damage to DBOF assets is $200,000 or more.

18.6.8. War Reserve Materiel. DoD activities procure and maintain war reserves to meet wartime requirements as determined by the Defense 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 DBOF budget estimates.

18.6.9. Capital Assets Financed by Appropriations. Finance the following directly from appropriated funds rather than from DBOF resources.

18.6.9.1. Fund military construction projects of $300,000 and over from the Military Construction appropriation.

18.6.9.2. Exclude equipment in the following categories from the DBOF:

- Aircraft, ships, barges, and general-purpose passenger-type vehicles.
- Equipment to meet mobilization requirements when no, or limited, peace application exists.
- Equipment normally provided as government-furnished equipment.
- 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, and unique to, newly introduced platforms or weapon systems. 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.
- Items that meet the DoD capitalization criteria for use by major ranges and test facility bases operating under the Defense Business Operations Fund.

18.7. Recognizing Revenue. To ensure consistency in "revenue recognition" for DoD end-products and to guarantee that business areas' operating results are comparable:

- Use the percentage-of-completion method to recognize revenue for all end-product type orders expected to be completed in a fiscal year other than the fiscal year in which you start the order. Under this method, you decide the percentage of physical completion based on visual observation or the judgment of qualified people. Or, if your costs are relatively uniform over the life of an order, you may recognize revenue as a percentage of incurred costs to total projected costs.
- 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.
- Bill customers and recognize revenue monthly.
- Don't allow the total amount of revenue recognized and billed to exceed to the order amount.

18.8. Handling Intrafund Transactions (Between DBOF Business Areas). Treat the purchase and sale of goods or services as an expense by the receiver and as revenue by the provider without exchanging cash or recording obligations.

18.9. Paying for Common Costs. Use a consolidated DBOF 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 DBOF activities. Accumulate and pay these costs at the corpo-

rate level but make sure each activity records them. They are as much a cost of doing business as any local obligation. ***NOTE:*** Until DoD develops procedures for costing individual categories, continue to make obligations and payments at the local or Air Force business area.

18.10. Encouraging Competition. To minimize costs within DBOF business areas, buy all goods and services from the cheapest source, unless some other policy, such as mobilization considerations, doesn't allow it. You must consider the performance and quality of the source. Evaluate organic and commerical sources based on direct and indirect costs.

18.11. Acquiring Capital Assets:

18.11.1. Review each proposed acquisition of a capital asset to make sure it:

- Makes economic sense to buy rather lease. Although leasing isn't 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.
- 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't do as well or as cheaply.
- Complies with policies governing acquiring and managing facilities, special tooling, and special test equipment (DoD Directive 4275.5, *Acquisition and Management of Industrial Resources*), as well as other policies on leasing and acquiring equipment and facilities.

18.11.2. When you use workload projections to justify capital purchases, you must consider:

- Results of interservice decisions
- Workload posture planning decisions
- Readily available commercial alternatives
- Other reasonable options available for accomplishing applicable work load.

18.11.3. The capital assets you recommend for acquisition must be best accomplish the objective for which you justify them. The criteria are:

- Improved efficiency (savings) or effectiveness.
- Required new capability and capacity that current equipment and facilities can't meet.
- Replacement of unsafe (locally determined), beyond economical repair, or inoperative unusable assets.
- Environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements.

18.11.4. You must document the reasons for a planned capital investment purchase and its expected benefits. Keep the documentation so it's readily available for review, audit, or evaluation.

- Analyze each Capital Purchases Program category with an expected cost of $100,000 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 doesn't allow a choice.

- 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.

18.11.5. Analyze results within 1 to 2 years after buying a capital item expected to cost $100,000 or more when you said the item would improve productivity or out perform 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:

- 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.
- The equipment cost estimated in the initial President's Budget submission and the actual investment cost.
- 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.
- 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.
- A brief narrative describing:
- The basis for determining the savings or cost avoidance, such as fewer people, reduced maintenance, equipment, works faster, more accurately, etc.
- When net savings or cost avoidance are expected to begin.
- Why actual savings or annual costs differ (show how much) from those estimated.
- 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 18B—Guidance for Specific Business Areas

18.12. Depot Maintenance:

18.12.1. Bill the Transportation Business Activity, the Reparable Support Division, the Air National Guard (ANG), the Air Force Reserve (AFRES), Foreign Military Sales (FMS), operational MAJCOMs, Air Force Materiel Command (AFMC) and other customers for depot maintenance services identified to a specific appropriation, fund or customer.

18.12.2. If the Depot Maintenance business area can identify repair or service costs to specific end items, the customer will pay using direct fund cite procedures.

18.12.3. Cite:

- DBOF depot maintenance and O&M, ANG funds on orders for area or base support.

- Central procurement funds (CP) appropriations on orders for local manufacture of investment items and for installing modifications.
- DBOF supply activity funds for repairing and manufacturing supply activity-owned items.

18.12.4. If you can't identify service-repair costs to specific end items, use AFMC operation and maintenance (O&M) funds to pay the depot maintenance business activity. Recover the costs from the customers through appropriation reimbursements. Follow these procedures:

- 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.
- 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 DoD Instruction 4000.19 and AFI 25-201.

18.13. Supply Management:

18.13.1. The Supply Management business area (formerly stock fund) buys materiel items from commercial or other government sources. In the case of the Reparable Support Division (RSD), this business area finances the repair and purchase of RSD-managed items. Supply Management customers will pay the DBOF when they accept orders. 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.

18.13.2. Use customer funds for initial procurement only in these cases:

- Industrial or service funded contractor accounts for procurement directly from Defense Logistics Agency (DLA), General Services Administration (GSA), and other Services' Supply Management Business Areas.
- Contractor-operated parts stores (COPARS), contractor-operated civil engineering supply stores (COCESS), and their government-operated counterparts (GOPARS) and (GOCESS). In instances where COCESS/COPARS terminate or default, MAJCOMs may grant waivers to bypass the DBOF for up to 6 months pending award of a new COCESS/COPARS contract.
- Credit card purchases of commodities other than fuels.
- Air Force Materiel Command (AFMC) requirements for communications engineering and installation activities other than the Systems Support Division (SSD).
- Items chargeable to the commissary trust revolving fund which aren't available through base supply.
- Centrally procured Air Force library books and periodicals.
- Periodicals, publications, newspapers, magazines, and special award items. (***NOTE:*** includes buying locally phonograph records, cassette tapes, video cassettes, and similar items for base libraries as a supplement to nonappropriated funds.)
- Special classified projects as authorized by HQ USAF.
- HQ AFMC requirements used to support RDT&E programs with (a) recurring national stock number (NSN) expense items when the estimated date of delivery exceeds the required deliv-

ery date for urgency of need (UND) A and B requests; and (b) nonrecurring NSN and non-NSN expense items.

- Air Force Office of Special Investigations (AFOSI) stock fund record account FX 4203 (not, however, to affect present host base support arrangements with worldwide OSI detachments).
- Small computer systems, computer components, and software (don't use customer funds for computers authorized in weapon system tables of allowances or for consumable items, such as printer ribbons or floppy disks).
- Stock record accounts that are noncapitalized because they're manual supply accounts, because they're classified, or for other reasons.
- When the item manager approves a waiver for local purchase (LP) of centrally procured items, and the local base supply officer approves the LP transaction.
- Custom-made window dressings, not stocked in the stock fund, approved by the installation commander.
- Items for MWR that are expendable and nonstocklisted (for example, toys, games, sports items). (Only the MWR activities may order and process the items, including athletic clothing and equipment.)

18.13.3. Apply this guidance for the Supply Management Fuels Division.

18.13.3.1. When the fuels division gets items from other military departments, apply these rules:

- For bulk and into-plane deliveries, the supplying military department will charge and collect from the Air Force Fuels Division. Instruct the issuing activity to forward bills to the Air Force installation using interfund procedures.
- When a defense attaché buys POL for USAF-owned aircraft, advise vendors to forward billings to the attaché's office for processing and payment according to AFI 23-202.

18.13.3.2. DLA/DFSC is responsible for the planning, programming, budgeting and funding of current mission and environmental MILCON, minor construction, maintenance and repair (including design) to include emergency projects.

- The responsibility for maintenance and repair of bulk petroleum facilities associated with inventory capitalized in Phase IIA was transferred to DLA/DFSC effective FY 93. Maintenance and repair of hydrant systems became DFSC's responsibility during the implementation of Phase IIB on 1 October 1994. OPR: AF/LG/CE.

18.13.3.3. Purchases From DLA. For bulk and contractor into-plane deliveries, DLA will bill the Air Force installation using interfund procedures.

18.13.4. Apply this guidance for the Air Force Academy's (AFA) Cadet Store Division.

- If the AFA Superintendent considers it in the Air Force's interest to authorize the return of any item permitted to be returned, establish the amount of credit allowed, if any, on those items for which there is a foreseeable requirement, following general guidance on DBOF 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.
- Don't use guidance on "distribution of inventories" for this division's operation.

Table 18.1. Budgeting And Funding For Stock Fund Transportation Charges (Reparable Support Division (RSD) And Systems Support Division (SSD)), Excluding Bulk Fuels.

RULE	A If item is	B and item movement is	C then
1A	Produced in CONUS	to CONUS base	(1) DBOF* FDT pays to first point of use or storage
1B		to overseas base	(2) DBOF* FDT pays to aerial or water port in CONUS (3) DBOF* SDT pays CONUS port handling services provided by Military Traffic Management Command (MTMC), overocean 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	Produced overseas	to overseas bases	(1) DBOF* FDT pays overseas inland transportation
2B		to CONUS base/depot or other overseas base requiring overocean transportation	(2) DBOF* FDT pays overseas inland (3) DBOF* SDT pays overseas port handling, overocean transportation (including NMCS/999 commercial express shipments between CONUS/ overseas when AMC cannot meet the delivery requirement) via AMC/ MSC, CONUS port handling services provided by MTMC, and CONUS inland transportation

RULE	A If item is	B and item movement is	C then
3A	Depot shipment (DLA)	to other depots and CONUS bases	(1) shipping depot pays transportation
3B		to all overseas bases	(2) depot pays to aerial or water port in CONUS, CONUS port handling services provided by MTMC, overocean 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.
4A	Return of Reparables to Depot/Contractor Facility in CONUS	from CONUS base	(1) DBOF* SDT pays CONUS transportation
4B		from overseas base	(2) overseas MAJCOM operating funds pay overseas inland transportation (3) DBOF* SDT pays overseas port handling, overocean 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

RULE	A If item is	B and item movement is	C then
5A	Return of Reparables to Contractor Facility overseas	from CONUS base	(1) DBOF* SDT pays CONUS inland, CONUS port handling, overocean 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 operating funds pay overseas inland transportation
5B		from overseas base	(3) overseas MAJCOM operating funds pay overseas inland transportation
6A	Repaired AF Reparable Support Division (AF RSD) Asset from Contractor Facility Worldwide	Worldwide	(1) DBOF* SDT pays CONUS inland transportation, CONUS port handling, overocean 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) receiving overseas MAJCOM operating funds pay overseas inland transportation

RULE	A If item is	B and item movement is	C then
7A	Redistribution Order (RDO), DBOF* Item Mgr directed (DBOF* IM)	from CONUS base	(1) DBOF* SDT pays CONUS inland transportation, CONUS port handling, overocean 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
7B		from overseas base	(3) DBOF* SDT pays overseas port handling, overocean 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
8A	Lateral Support, non-DBOF* IM directed	from CONUS base	(1) Shipping activity funds for CONUS inland transportation. (2) AFMC SDT O&M pays CONUS port handling and overocean (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC

RULE	A If item is	B and item movement is	C then
8B	Lateral Support, non-DBOF* IM directed	from overseas base	(3) overseas MAJCOM'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) 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
9A	Returned excesses, creditable or non-creditable	from CONUS base	(1) DBOF* SDT pays transportation
9B		from overseas base	(2) shipping MAJCOM's operating funds pay overseas inland transportation (3) DBOF* SDT pays overseas port handling, overocean 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

RULE	A If item is	B and item movement is	C then
10A	Shipment in error	Worldwide	(1) DBOF* SDT pays overseas port handling, overocean 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, DBOF and non-DBOF, other than IM-directed	Worldwide	(1) Activity requesting lateral support item funds for CONUS inland transportation.

NOTE: Overocean via AMC/MSC includes outbound and inbound CONUS and inter or intratheater moves.

*Cite DBOF RSD funds when shipping RSD property.

Cite DBOF SSD funds when shipping SSD property.

Table 18.2. Budgeting and Funding For DBOF Transportation (General Support Division (GSD), Excluding Bulk Fuels.

RULE	A If item is	B and item movement is	C then
1A	Procured in CONUS from GSA	to CONUS base	(1) GSA pays CONUS inland transportation
1B		to overseas bases	(2) GSA pays CONUS inland transportation to aerial or water port

RULE	A If item is	B and item movement is	C then
			(3) DBOF General Support Division (GSD) SDT pays CONUS port handling services provided by Military Traffic Management Command (MTMC), overocean 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 Stock Fund (OSSF)	to CONUS base	(1) DLA or OSSF pays CONUS inland transportation
2B		to overseas base	(2) DLA or OSSF (SDT) pays CONUS inland transportation, CONUS port handling services provided by MTMC, overocean 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
3B		to overseas base	(2) Receiving overseas MAJCOM operating funds pay CONUS commercial inland (GBL/CBL) transportation.

RULE	A If item is	B and item movement is	C then
			(3) DBOF GSD SDT pays CONUS porthandling services provided by MTMC, overocean 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.
4A	RDO, DBOF Item Mgr (DBOF IM) directed	from CONUS base	(1) DBOF GSD SDT pays CONUS inland transportation, CONUS port handling, overocean 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) DBOF GSD SDT pays overseas port handling, overocean 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	Lateral Support, non-DBOF IM directed	from CONUS base	(1) AFMC SDT funds for CONUS inland transportation. (2) AFMC SDT O&M pays CONUS port handling and overocean transportation (including NMCS/999 commercial express shipments between CONUS/overseas when AMC cannot meet the delivery requirement) via AMC/MSC

RULE	A If item is	B and item movement is	C then
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) AFMC SDT O&M pays overocean 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) DBOF GSD pays CONUS commercial inland (GBL/CBL) transportation.
6B		from overseas base	(2) Shipping MAJCOM operating funds pay overseas inland transportation (3) DBOF GSD SDT pays overseas port handling, overocean 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) DBOF GSD SDT pays overseas port handling, overocean 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, DBOF or non-DBOF, other than IM-directed	Worldwide	(1) Activity requesting lateral support item funds for CONUS inland transportation.

Table 18.3. Budgeting and Funding For DBOF Transportation (Medical Stock Fund Division (MSD)), Excluding Fuels.

R U L E	A If item is	B and item movement is	C then
1A	Procured in CONUS from DLA or Other Services Stock Fund (OSSF)	to CONUS base	(1) DLA or OSSF pays CONUS inland transportation
1B		to overseas base	(2) DLA or OSSF (SDT) pays CONUS inland transportation, CONUS port handling services provided by MTMC, overocean 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) DBOF MSD SDT pays CONUS porthandling services provided by MTMC, overocean 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.

RULE	A If item is	B and item movement is	C then
3A	RDO, DBOF IM directed	to CONUS base	(1) DBOF MSD SDT pays CONUS inland transportation, CONUS port handling, overocean 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
3B		from overseas base	(3) Overseas MAJCOM's operating funds pay overseas inland transportation (4) DBOF MSD SDT pays overseas port handling, overocean 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-DBOF 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 overocean 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

RULE	A If item is	B and item movement is	C then
			(5) AFMC SDT O&M pays overocean 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 **5B**	Returned excesses, creditable or non-creditable	from CONUS base from overseas base	(1) DBOF MSD pays CONUS commercial inland (GBL/CBL) transportation. (2) Shipping MAJCOM's operating funds pay overseas inland transportation (3) DBOF MSD SDT pays overseas port handling, overocean 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) DBOF MSD SDT pays overseas port handling, overocean 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), or the Appropriations and Budget Committees of the Congress. Follow this guidance for reporting to the Assistant Secretary of the Air Force, Financial Management, Budget (SAF/FMB) official visits by representatives of these organizations to Air Force commands, installations, and activities.

- For visits by members of Congress, see AFI 90-401.
- For visits by General Accounting Office (GAO) officials, see AFI 65-401.

19.2. Notifying Budget Officials about Visits:

19.2.1. Visits by Representatives of Congressional Appropriations and Budget Committees. SAF/FML (Budget Enactment Office) 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/FML will send a copy of the notification message to the MAJCOM's comptroller. If time is short, SAF/FML will telephone the Comptroller liaison at the HQ MAJCOM and confirm later in writing. Provide SAF/FML the name of your point of contact by message or telephone.

19.2.2. Visits by House Appropriations Committee Survey and Investigation (S&I) Staff. The headquarters Team Chief appointed by SAF/FML will notify commands of visits by members of the 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 doesn't 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 message the Comptroller of the appropriate command, installation or activity. When visits are to activities below MAJCOM, the directorate will send a copy of this message to the MAJCOM headquarters (Comptroller). If time doesn't allow a message, they will telephone the Comptroller liaison at MAJCOM, then confirm later in writing. Tell the SAF/FMB directorate (by message or telephone) of your point of contact for the visit.

19.3. Reporting Official Visits Concerning to Budget Matters:

19.3.1. Reporting Visits by Representatives of OMB, OSD, or Congressional Appropriations and Budget Committees. Send a complete report to SAF/FMB, 1130 Air Force Pentagon, Washington DC 20330-1130, within 1 duty day after a visit ends. (Use RCS: SAF-FMB(AR)8301, Reporting Official Visits Pertaining to Budget Matters). Send an information copy to the MAJCOM's Financial Analysis office (FMA). The reports of visits and other data requested by visitors enable the Air Staff to correct problems during budget and apportionment reviews, to discuss deficiencies or corrections with higher authorities. Present your information clearly and accurately. Show the source of information, time covered by the data, and where relevant, how it applies to your requested, approved, or revised financial plans. Follow this same approach when citing any program or activity, such as flying hours, maintenance, or people programs. The RCS: SAF-FMB(AR)8301 report has been designated

emergency status code C2. Continue reporting during emergency conditions, normal precedence. Submit data requirements in this category as prescribed, or as soon as possible after submission of priority reports. Discontinue electronic reporting during MINIMIZE. Include in your report:

- Place and duration of the visit.
- Names of visitors from OMB, OSD, or Congressional Appropriations and Budget Committees.
- Purpose of the visit.
- Summary of the discussions and information given to visitors.
- Descriptions of any deficiencies found.
- Corrections made or recommended by the commander of the activity visited.
- Subject of other information requested which you must compile and forward later.
- Important observations and reactions of the visitors.

19.3.2. 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're the contact, coordinate the report with your local comptroller. Send SAF/FML an information copy if an action affects the budget or includes something controversial.

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:

- Correct errors in the basic report.
- Clarify unusual problems or conditions.
- State corrective action being taken or recommended, or deficiencies found during the visits.
- Supplemental data or recommendations that helps 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). You may use both appropriated and nonappropriated funds. Pay for these costs:

- Personnel services and related costs.
- Temporary duty travel.
- Buying chemicals, food, seeds; establishing fish ponds.
- 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. Defense accounting offices 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 32-7065).

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 dwelling units under Air Force jurisdiction, including mobile homes, regardless of occupants 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.

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 32-5001). Also include appliances for rental housing outside the 48 contiguous states of the United States, when it's in the government's best interest.

21.1.1.7. Furniture, furnishings, and other property not included above that Include items in privately owned or rented housing outside the 48 contiguous states of the United States, when it's 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 use by other than residents and their guests.

21.1.2.5. Rental guarantee housing.

21.1.2.6. Private Sector Financing (privately-owned rental housing for families).

21.1.2.7. Telephones or other communications equipment installed in an MFH unit for official use.

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-DE Regulation 170-3).

21.1.2.11. Educational buildings.

21.1.2.12. Security systems for General or Flag Officer's units and MFH residences of key military and civilian people in the DoD. Physical protection is an operational requirement, because it doesn't make quarters more livable. Charge the cost of work to other than MFH funds.

21.1.2.13. Religious buildings.

Section 21B—Military Family Housing Construction Account (57*7040)

21.2. Construction and Improvements After Acquisition . Follow these collection and accounting procedures for Budget Program 71X. (See detailed project descriptions in AFI 65-601, Vol 4, and more guidance in **Chapter 9** of this volume and AFI 32-8001.)

21.2.1. New and Replacement construction (P-711). Include these costs:

- Building, erecting, installing, assembling, relocating, or replacing units for single or several families.
- Related land acquisition, site preparation, excavation, filling and landscaping, or other land improvements.
- 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.
- Architectural and engineering supervision and inspection of construction.
- New or replaced nondwelling buildings, directly associated with family dwelling units or a family housing area.
- Roads, driveways, walks, and utility systems which serve mainly the family housing units.
- 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:

- Design, working drawings, specifications, and estimates for construction projects approved by the Secretary of Defense for the President's Budget.
- Consolidated DoD guide drawings, specifications, and planning, as well as design effort, on projects not constructed later.

21.2.4. Administering and Recording Costs:

21.2.4.1. The Base Civil Engineer's (BCE) organization that oversees an authorized design or manages construction of an MFH project must and keep 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.

21.2.4.2. 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). Don't apply design and reimbursable costs against statutory and administrative limits.

21.2.4.3. Host base civil engineers who supervise and inspect construction for MFH projects at small, satellite Air Force stations must keep these records.

21.2.4.4. Keep records of costs from the beginning of design through final close-out of the project, and through the time funds are available for obligation. Maintain the integrity of codes for Budget Authorization Account Numbers (BAAN).

21.2.4.5. Dispose of records according to AFI 37-133, Volume 2.

Figure 21.1. Design and Inspection Costs - P-713, P-714, and P-722 Requirements Matrix.

DESIGN AND INSPECTION COSTS REQUIREMENTS MATRIX for P-713, P714, and P722									
FUND	**How to do**	**PHASE**	**AF 327**	**CAC**	**RRI**	**How to REPORT**	**W/O IND**	**WK-CLS**	**SALES CODE**
P-714	Contract	Design	Req'd	71400	(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	71400	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	71300	(Not Req'd) Direct Cite	Same as P-714 contract above	C	C	
	In-House	Constr	Req'd	71300	N-	Shop(s) report later to the project work order using AF Form 1734	A	C	51
	Contract	Insp	Req'd	71300	(Not Req'd) Direct Cite	Same as P-714 contract above	C	C	
	In-House	Insp	Req'd	71300	N-	Same as P-713 In-House above, except C/C reporting labor will be 422 (see note 2)	A	C	51

DESIGN AND INSPECTION COSTS REQUIREMENTS MATRIX for P-713, P714, and P722									
FUND	**How to do**	**PHASE**	**AF 327**	**CAC**	**RRI**	**How to REPORT**	**W/O IND**	**WK-CLS**	**SALES CODE**
P-722	Contract	Design	Req'd	722XX	(Not Req'd)	AF Form 9 Cost through AFO to WIMS against work order for project		M,R, C	
	In-House	Design	Opt	722XX	(See Note 4)	Engineers (c/C 421) report labor to (C/C 421) project work order using AF Form 1734 (see note 2)	A	M,R, C	52
P-722	Contract	Constr	Req'd	722XX	(Not Req'd) Direct Cite	Same as P-722 contract above	C	M,R, C	
	In-House	Constr	Req'd	722XX	(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	722XX	(Not Req'd) Direct Cite	Same as P-714 contract above	C	M,R, C	
	In-House	Insp	Opt (note 3)	722XX	(See Note 4)	Same as P-713 In-House above, except C/C reporting labor will be 422 (see note 2)	A	M,R, C	52

NOTES:

1. Charge any TDY expense for directly supporting a project to it 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. Don't 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

21.2.5. Record these Project Costs:

21.2.5.1. The Architect Engineer's (A-E) services and construction contracts.

21.2.5.2. 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 aren't actually used on the project.

21.2.5.3. 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.

- Include and reimburse costs for government vehicles under the shop-rate distribution; don't record costs elsewhere.
- Directly cite project construction (P-71X) funds when civilian mileage costs are authorized. Establish a BCE work order to account for funds paid.
- Directly cite project construction funds (P-71X) when government vehicles aren't available and you're authorized to lease vehicles for direct support of housing projects. Establish a BCE work order number and include it in the procurement documentation.

21.2.5.4. Printing and reproduction charges directly related to the project.

21.2.5.5. TDY expenses directly related to the project for military personnel or civilian employees.

21.2.5.6. All direct and non-BCE costs shown in **Figure 21.2.**

21.2.5.7. Government-furnished material and equipment.

21.2.5.8. **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

MFH CONSTRUCTION				
Budget Project	**Description**	**Reimburse-ment Indicator**	**Project Account Codes**	**Type Cost**
	e. Contract Management (SIOH)	Reimbursable	71100	BCE-Direct
	f. Non-BCE Costs	Reimbursable	71100/ 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 - P711	Direct Cite	71300	Direct
	d. Title II Inspection by contract - P711	Direct Cite	71300	Direct
	e. Contract Management (SIOH)	Reimbursable	71300	BCE-Direct
	f. Non-BCE Costs	Reimbursable	71100/ 71300	Non-BCE

21.2.6. Exclude These Costs:

- 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.
- The time of base staff for planning contracts, determining policy, or discussing other matters.
- Costs of headquarters people above base level. Travel or contracts to assist, plan, program, or design for the installation by headquarters is regular O&M type expense (not housing O&M).

21.2.7. Identifying Project Costs. Classify construction and improvement project costs (paragraph 21.2.5.) as **funded** or **unfunded.**

21.2.7.1. Funded Project Costs. Count these toward the statutory limit on the project's programmed amount. Funded costs include:

- Construction Contract Costs. Directly cite P-711 or P-713 funds.
- Installed Government-Furnished Equipment (GFE). Reimburse the stock fund (DBOF) from P-711 or P-713 funds.
- Contingency. Directly cite P-711 or P-713 funds.
- Supervision, Inspection, and Overhead (SIOH) Costs. Reimburse from P-711 or P-713 funds.

21.2.7.2. Unfunded Project Costs. Count these costs toward the total project cost. However, don't count unfunded costs toward the statutory limit on the project's programmed amount.

- 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.
- Title I - A&E Design Service Fee. Directly cite P-714 funds.
- Title II - A&E Fee. Directly cite P-711 or P-713 funds.

- BCE's direct costs for in-service design (labor and materiel). Use the shop rate cost less the military cost.
- Base-level TDY expenses directly related to the MFH project for military personnel and civilian employees.
- Direct, non-BCE, costs of procurement, accounting and finance, and legal functions directly related to the MFH project. (Note: don't reimburse military labor.)
- Printing and reproduction.

21.2.8. Establishing and Administering Work Orders:

21.2.8.1. If you're in Financial Management 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.

21.2.8.2. Design costs start when you've received design instruction from MAJCOM or HQ USAF. Write work orders to collect all design costs, as shown below. Close them when design is complete and approved.

- Contract work order for A&E design services.
- In-house work order for BCE's direct (in-house) design and Supervision Inspection Overhead (SIOH).
- Non-BCE work order for non-BCE direct costs.

21.2.8.3. 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 transfer 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:

- Contract work order for the construction contract and Title II Inspection.
- BCE's direct and SIOH costs for In-house work orders.
- Non-BCE work order for non-BCE direct costs.
- Government-furnished material work order.

21.2.9. Combining P-713 Improvement and Conjunctive/P-722 Repair Projects. Effective in FY 88, fund all improvement projects with P-713 funds - not with conjunctive P-722 money. Separately account for funds applied to modernizing MFH (if awarded before FY 88) to ensure proper cost collection and reporting.

Section 21C—Military Family Housing Operation and Maintenance Account (MFH O&M, 57*7045)

21.3. Charging Costs to MFH O&M:

21.3.1. Include these costs:

21.3.1.1. Civilian Personnel Costs . Administer reimbursable personnel costs directly supporting the MFH property account and MFH management offices. 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, don't charge that cost to MFH O&M. Military pay isn't 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 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. Charge indirect costs for labor not under the base civil engineer that directly supports MFH only when the presence of MFH activities changes personnel authorizations. Also, use only multiples of one or more personnel spaces to charge family housing (for example, Security Police or Fire Department).

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'll directly cite rather than reimburse these costs to MFH funds. Use of housing funds for **headquarters travel is not authorized**.

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:

- Moving and handling costs for MFH furniture, furnishings, and appliances.
- General Services Administration surcharge for overseas packing and crating when MFH requisitions items directly from GSA (i.e., when the order isn't 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 engineer-

ing analysis (see AFI 32-5007). Whenever sewage metering or contract terms don't 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 facilities the sewage-disposal plant consumes.

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't, charge MFH as a reimbursable.

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.

21.3.2. 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 can't 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 O&M-type appropriations.

21.3.2.5. Temporary moves from MFH at the government's convenience (see AFI 132-6001).

21.4. Budget Program 720, Operation and Maintenance. Include these costs in Budget Program 720. (Volume 4 of this AFI has detailed Budget Project (BP) descriptions.

21.4.1. Budget Project 721, Operations. Besides the items described in AFI 65-601, volume 4, include costs for:

- Reimbursements to other federal government agencies for MFH units. (Note: OMB requires rental payments at full market rates on houses federal agencies own.)
- Equipment rental.
- Transportation.
- Required surveys and preliminary contract studies on engineering construction plans made before the Office of the Secretary of Defense approves a project.
- Inspecting construction, contracting services, and administrating project under build-to-lease, rental guarantees or private-sector financing.
- Nominal rent charges paid to foreign governments for surplus housing.
- Maintaining, repairing, and replacing of domestic free-standing appliances (not installed).

21.4.2. Budget Project 722, Maintenance of Real Property Facilities (In-House or by Contract.) Besides the items described in AFI 65-601, volume 4, include:

- Prewiring or relocating telephone terminals (outlets) per living unit, with minor alterations or with maintenance and repair projects.
- Authorized repairing or maintaining of government-owned telephone wiring.
- Maintaining, repairing, and replacing of installed appliances.
- Designing and inspecting P-722 facility projects (see **Figure 21.1.**).
- 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 AFI 65-601, volume 4)

21.4.4. Budget Projects 725 and 726, Leased MFH, Domestic. Use projects 725 (Operations) and 726 (Maintenance). (See details in AFI 65-601, volume 4)

21.4.5. Budget Project 728, Utilities. Include all utilities consumed in government-owned MFH as authorized in AFI 32-5007, Utility Services. (See AFI 65-601, volume 4 for details). Also include reinstallation of cable television (CATV) service. You may use appropriated funds for reconnecting CATV service from one MFH unit to another when it results from an occupant's involuntary relocation.

21.5. Limiting Spending:

21.5.1. Maintenance. You must spend funds made available under BPs 722, 724, and 726 for maintenance in full and for the purpose stated, up to the total O&M allocation (per DFAS-DE Regulation 177-16).

21.5.2. Alterations. Follow AFI 32-6002 for minor alterations under BPs 722.

21.5.3. Limitations. See AFI 32-6002 for limitations on all cost elements.

21.5.4. 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 (EEICs) within each BP except when the issuer imposes limitations, administrative ceilings, or "floors" on the AF Form 1449, **Operating Budget Authority**.

21.6.2. MAJCOM budget offices may reprogram up to 10 percent within and between Budget Projects for Operations (including P-721 sub-accounts), Maintenance, and Utilities through the third quarter. In the fourth quarter, forward reprogramming requests through command channels to SAF/FMBIC and HQ USAF/CEHO for prior approval and action. Report excess funds promptly through channels for reprogramming actions.

21.6.3. Forward all requests to reprogram funds into or between Foreign Leases and Domestic Leases through command channels to SAF/FMBIC and HQ USAF/CEHO for prior approval and action. SAF/FMBI includes legal ceiling limitations on funding documents for leasing projects, including P-723 and P-724 (Foreign Leases), and P-725 and P-726 (Domestic Leases).

21.7. Obligating Funds for Materiel . Make sure funds are available when you order furniture and appliances. Record obligations when DBOF accepts your order.

21.8. Buying Washers and Dryers in Continental United States (CONUS). See AFI 32-6002.

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 DoDD 1100.12. and under Public law (10 U.S.C. 2387). The 1100 Supply Squadron, Bolling AFB, DC, 20332-5000, funds these items centrally.

21.10. Paying Taxes. Don't 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 **21.13.**).

21.11.2. Common Service. Don't charge or collect reimbursements when military members of one DoD component occupy housing owned by another component. Occupancy of MFH units within DoD isn't 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.

- Charge billings received for Air Force occupancy of non-DoD federal government housing (such as VA and FHA) to BP 721, EEIC 599.
- Credit proceeds from occupancy of leased units to BP 723/725, Operation of Leased Foreign/ Domestic MFH.
- Credit proceeds received from non-DoD agencies occupying Air Force family housing per paragraph **21.13.**

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 MFH of another service or agency owns.

21.12. Charging for Occupancy of MFH by Contractors and Other Nonmilitary People:

21.12.1. Nonmilitary People. The Defense Accounting Office (DAO) 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 E.

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). Don't charge rental at foreign locations (AFI 36-3105). Credit proceeds from these occupants per Section E.

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. (Oversea 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 AFOs should coordinate and establish procedures for collecting rental charges. Credit proceeds from these occupants per Section E.

21.13. Occupying Substandard Housing:

21.13.1. Military Personnel (P.L. 85-241). Military personnel may rent inadequate quarters.

21.13.1.1. Pay the member the net difference between the basic allowance for quarters (BAQ) and the fair rental value of the quarters not to exceed 75 percent of the members' BAQ. Pay this difference, as BAQ, from the Military Personnel (MILPERS), Air Force, appropriation. The adjusted BAQ 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. Don't reimburse the person, the MFH, or any other account from the MILPERS appropriation.

21.13.1.3. Don't 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. Don't reduce civilian salary reports for occupying of MFH units. Credit the proceeds per Section E.

Section 21D—Debt Payments

21.14. Charging the Debt Payment Program. Use this program to pay:

- **Principal and Interest.** Monthly payments of principal and interest on Capehart and Wherry MFH projects to mortgage holders.
- **Fees and Taxes.** Resident agent fees, corporate report billing fees, and franchise taxes.
- **FHA Insurance Premiums.** Servicemen's in-service mortgage insurance premiums, for military personnel, on private homes they're purchasing. (Note: Program was discontinued for new applications in FY 1980.)
- **Deferrals.** Payment of deferred receipts to the mortgage.

21.15. Administering and Controlling Debt Payments:

21.15.1. SAF/FMB:

- Reviews the initial budget and financial plan submissions and resolves differences.
- Prepares budget justification to the Office of the Secretary of Defense (OSD).

- Monitors reviews by OSD, the Office of Management and Budget (OMB), and Congressional hearings.
- Reviews and analyzes financial accomplishments and projections.
- Monitors Future Year Defense Plan (FYDP) transactions.
- Issues fund allocations within approved availability.

21.15.2. 1100 Resources Management Group, Bolling AFB DC 20332-5000:

- 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.
- Reports monthly status of budget borrowing and deferred receipt accounts to DFAS-DE/AR for transmission to the Department of the Treasury.
- Accounts for receipt of funds sent through the Office of the Secretary of Defense, Comptroller (OSD(C)), from sales the Air Force's extra MFH units. Applies deferred receipts as principal payments to the mortgage account. After principal is eliminated, SAF/FMBI and AF/CEH will direct fund expenditure in accordance with procedures in 10 USD 2831.
- Develops interest and other expense on Capehart and Wherry units for FYPD.
- Develops other budget data "as required" for the Air Staff, the OSD, and Congress.

21.15.3. The Defense Finance and Accounting Service (DFAS-DE):

- Submits budget and apportionment data as required.
- Administers funds to pay servicemen's mortgage-insurance premiums.
- Develops data on servicemen's in-service mortgage-insurance premiums for the FYPD.

Section 21E—Reimbursements

21.16. Reimbursing MFH. Reimburse the following revenues to Budget Program (BP) 720, Operation and Maintenance. See paragraph **21.14.** for exceptions. Credit reimbursements for rental proceeds to the most beneficial BP (determined at installation level) unless otherwise specified. Use EEIC 599. (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).

- Amounts received for supporting MFH units owned by another service or agency.
- Rental receipts from Title III Defense housing.
- Proceeds from the rental of MFH units and mobile home facilities.
- 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.
- Utility collections for privately-owned mobile homes on government-owned land, which aren't individually metered or billed directly to the occupant.
- Charges levied for locating, siting, and connecting utilities to privately-owned mobile homes on government-owned land.
- 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.

21.16.1. Determining Other Reimbursements:

21.16.1.1. 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*7045 for retiring debt. When the sales agreement doesn't include the request, deposit sales proceeds to the annual MFH O&M account designated by SAF/FMBIC and AF/CEH.

21.16.1.2. 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.

21.16.1.3. 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 and authorized ceilings, the Air Force uses in-service civilian personnel and contract services to complete workloads that don't 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 (OBAs) 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.

22.3. Permanent Change of Station (PCS) Travel:

22.3.1. Don't 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.

- Air Force Materiel Command (AFMC) is responsible for funding PCS expenses for transportation by Military Sealift Command (MSC) of civilian personal effects.
- HQ Air Mobility Command (AMC) centrally funds transportation of unaccompanied baggage and household goods on aircraft operated under the transportation business area of the Defense Business Operations Fund (DBOF). 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 (TWX, telephone, etc.) must be initiated to obtain funding authorization. If you don't 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.
- See AFR (DFAS-DE) 170-8 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 (39X) under O&M type appropriations. ***EXCEPTION:***

22.4.1. Military Family Housing (MFH) Account, Construction Projects. Charge all personnel costs incurred for MFH new construction to Budget Program 710. While you may hire personnel

solely for this work and directly cite Budget Program 710 for their payroll costs, you should usually 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:

- For direct civilian personnel services, include actual payroll costs plus actual cost of benefits.
- 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.
- For bases operating under the work information management system (WIMS), 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:

- 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.
- 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.
- For bases operating under the work information management system (WIMS), 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 provides 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:

- **Service Club and Library Personnel.** Use appropriated funds to pay salaries, including assistants, when manpower authorization documents include these authorizations.
- **Dining Hall Personnel.** You may establish civilian authorizations for dining hall personnel, such as cooks, bakers, and mess attendants according to AFI 34-401, subject to availability of appropriate funds and following AFI 38-201.
- **Auxiliary Civilian Chaplains.** Commanders of Air Force activities, with the coordination and approval of the Air Force Chief of Chaplains, may authorize and appoint auxiliary civilian chaplains when necessary. Use base O&M funds.
- **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-DE centrally administers reimbursement for these services, according to **Chapter 10**, **Section 10D**.

22.7. Subsistence and Quarters to Civilian Employees. AFI 34-601 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.).

- **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.
- **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 over jury and witness fees paid to them by state or municipal courts while on court leave from their agencies to their agencies, except when such payments are "reimbursements for expenses" rather than "fees."

- Deposit jury fees turned over to the Air Force by employees as refunds to the appropriation or funds from which the employee was paid.
- 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 isn't 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.

Chapter 23

BASE CLOSURE AND REALIGNMENT (BRAC) APPROPRIATIONS

Section 23A—Appropriation Structure and Data Codes

23.1. BRAC Appropriations. Financing may come from appropriations, transfers in appropriations acts, and proceeds from the sale of assets made available from Base Realignments and Closures.

23.1.1. BRAC 88 (Round I). Appropriation 97*/50103.1102, Fund Code 20, *Base Closure Account (BRAC 88)*, authorizes recommendations of the 1988 Base Closure Commission.

- Funds appropriated for this account are 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

23.1.2. BRAC 91 (Round II). Appropriation 97X0510.1102, Fund Code 2R, *DoD Base Closure and Realignment Account, Part II (BRAC 91)* 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 appropriated in this account will be available for obligation until expended.
- 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

23.1.3. BRAC 93 (Round III). Appropriation 97X0510.1632,, Fund Code 5F, *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).

- The funds appropriated in this account are available for obligation until expended.
- 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

- 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.

23.1.4. REDIRECTS: In some cases, the subsequent Commission's recommendations change the base closure or realignment actions of a previous Commission. Usually, you fund redirects with the same appropriation. The term "redirects" designates these instances. In the case of BRAC 91 there are three redirect actions for Mather, George, and Chanute authorized payment with BRAC 91 vice BRAC 88. Pay for the redirect of Mather reserves to Beale AFB under BRAC 93 with BRAC 91 funds. If you are uncertain regarding appropriate funding, ask AF/RT for guidance.

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.)

- The Air Force uses uniform program and project codes 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.
- See AFMAN 65-604 for the detailed coding structure of the programs, projects, and BAANs used for recommendations of all the Base Closure Commissions. The **budget programs** include:

100 Military Construction

200 Military Family Housing

300 Operation and Maintenance

400 Military Personnel

500 Procurement Type Items

600 Environmental Compliance

700 Installation Restoration

Section 23B—Funds Administration

23.3. Financial Responsibilities:

23.3.1. SAF/FM prescribes financial management and comptroller actions necessary to close or realign force structure at the installations recommended for closure or realignment by the Base Closure Commission.

- SAF/FMB allocates BRAC funds to the MAJCOM/FOAs.
- SAF/FMB resolves financial management and funding issues with OSD, the other Services, affected MAJCOMs, FOAs, and components.
- SAF/FMB maintains a cost collection system to track relevant costs associated with pending base realignments or closures.

23.3.2. Director for Budget and Finance, Washington Headquarters Services (WHS), provides departmental-level accounting and reporting for the DoD Base Closure Account.

23.3.3. MAJCOM/FMs sub-allocate BRAC funds to the affected installations.

23.3.4. Installation/FMs administer BRAC funds.

23.3.5. HQ USAF/RTT, as Program Managers, provides oversight of the Base Closure and Realignment Program Accounts. SAF/FMBIC provides financial expertise to HQ USAF/RTT to ensure fiduciary oversight and responsibilities.

23.4. Budget Process:

- MAJCOM XPs develop initial requirements for MILCON, Military Family Housing, Operation and Maintenance, and Procurement.
- MAJCOM CEVs develop initial requirements for Environmental Compliance and Restoration. MAJCOMs cost these requirements and coordinate with their MAJCOM/FMs.
- HQ AFMPC develops Military Personnel PCS initial requirements and SAF/FMBOP provides costs. Submit requirements for approval through AF/RTT (oversight and integration) and the Base Closure Working Group (functional area validation) to the Base Closure Executive Group (BCEG).

23.5. Congressional Approval:

23.5.1. The Base Closure and Realignment Act of 1990, Section 2904(b) (P.L. 101-510) stipulates that a base closure or realignment may not be carried out earlier than 45 legislative days after the date the President transmits his recommendations to the Congress, provided Congress does not disapprove those recommendations.

- While Congressional action is pending, the Air Force cannot carry out any closure or realignment included in those recommendations.
- **Don’t obligate** BRAC 95 funds or Air Force funds to implement BRAC 95 actions until the 45 legislative day period elapses.

23.6. Operating under Continuing Resolution Authority. A CRA funds essential military and civil functions before enactment of the Appropriations Act. In the past, this authority has not included BRAC appropriations. Don't use CRA authority to record obligations against anticipated and unsigned BRAC appropriations unless specifically advised by SAF/FMB to do so.

23.7. Reprogramming:

23.7.1. Funding documents contain administrative limitations on moving funds between programs and projects.

- Don't move funds between BAANs. An over-obligation of these limitations is an *Anti-Deficiency Act* violation.
- Don't authorize or incur obligations for more than the amount stated for each budget program or each line item (BAAN).

23.7.2. Due to the dynamic nature of the BRAC business, requirements may change unexpectedly. MAJCOM/XPP (or equivalent) validates any increase to a project amount or additional requirements. MAJCOMs must request approval from HQ USAF/RTT, with an information copy to SAF/FMBIC, for reprogramming of funds within their approved program to meet increases or additional requirements. **If:**

- Reprogramming of funds within the total MAJCOM program cannot fulfill the requirement, **then** the MAJCOM may request reprogramming in the account from HQ USAF/RTT with an information copy to SAF/FMBIC.
- HQ USAF/RTT disapproves a reprogramming request or if there aren't additional funds available within the total program, **then** HQ AF/RTT notifies the MAJCOM to submit a request for additional funds through normal budget process.

23.7.3. Current DoD practice directs that BRAC 91 and BRAC 93 funds be treated as **separate** appropriations. Don't use any BRAC 91 funds for BRAC 93 requirements unless DoD submits a prior notification reprogramming request to Congress and Congress approves.

23.8. Tenant Requirements:

23.8.1. 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. Don't include costs for non-DoD 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

23.9. Availability of Appropriations for BRAC Costs:

23.9.1. 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.

- Charge the BRAC account established to cover the base that is being closed or realigned (Round I, II, etc.).
- Fund redirects as directed in paragraph **23.1.4.** **Table 23.1.** identifies **typical** costs financed by BRAC. It doesn't address all situations. Apply the guidance in this paragraph regarding direct, non-recurring costs in all cases. Section D contains additional guidance for special situations.

23.9.2. 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're uncertain regarding a request from another agency (non-AF), ask AF/RTT for guidance.)

23.9.3. BRAC Funding Exclusions. Some costs don't qualify for BRAC funding as costs resulting from closure or realignment.

- Force structure drawdowns or realignments made outside the BRAC process, e.g., PCR actions.
- Civilian or military salaries, except where specially authorized.
- NAFI Personnel Costs (PCS And Severance Pay For NAFI Employees). Use only non-appropriated funds for personnel costs such as permanent change of station (PCS) or severance pay.
- Normal upkeep for base facilities through the closure date.
- CARE office manpower and normal operating expenses.

- Unit operating expenses such as telephone service, janitorial services, utilities, airfield operating costs through the closure date.
- Corrections of existing deficiencies.
- Rotational PCS moves, both military and civilian.
- Includes low cost, emergency evacuation, accession, training, unit, and separation PCS moves and funded with other than BRAC funds.

23.9.4. Environmental Restoration. Since 1991 the BRAC accounts are the exclusive source of funds for environmental restoration.

- Don't use either Defense Environment Restoration Account (DERA) or O&M funds to make up an environmental restoration shortfall.
- AFMAN 65-604 lists the environmental compliance expenses projects eligible for BRAC funding. Direct technical environmental questions to AF/CEV.

23.10. 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 you have charged a legal appropriation for a specific BRAC-related expense (e.g., a particular civilian PCS), you cannot subsequently transfer that expense to another account.

Section 23D—Other Funding Guidance

23.11. Military PCS Costs:

23.11.1. BRAC Military Permanent Change Of Station (PCS). Decentralize BRAC targeted operational moves and funding limitations through the MAJCOM to the closing installation.

- Code these moves with a "T" (e.g., non transoceanic) travel cost identifier by Headquarters Air Force Military Personnel Center.
- Charge all PCS moves with other travel cost identifiers to the regular AF MILPERS PCS account (3500 appropriation). Base FMs must validate all BRAC PCS fund cites on "T" coded orders processed by the local Military Personnel Flights.

The Travel Accounting Section determines an actual estimate of obligations for each traveler. Report the actual obligations in the accounting system during budget execution, rather than average officer and enlisted PCS composite rates for move and travel entitlements.

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.

23.12. Civilian Personnel Costs . (This applies to host and tenant costs but excludes NAF costs.)

23.12.1. 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)

23.12.2. 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 BRAC.

23.12.3. 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 organization that pays the salary of the individual is responsible to fund the separation pay. (Public Law 102-484, October 23, 1992, Section 5597)

23.12.4. 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.

23.12.5. Severance Pay. This is funded from BRAC because it is considered a one-time cost.

23.13. Tenant Employees Costs. Follow the rules for other civilian employees.

- BCA will fund employee relocation costs for Defense Commissary Service, Defense Reutilization Marketing Office, Defense Mapping Agency, sister Service, etc., employees, if they are the last persons in their positions and another program doesn't fund them.
- Manpower must approve the designation of designated positions.

23.14. Training Costs For AFBCA Employees. Charge the BRAC accounts for on-going training of Air Force Base Conversion Agency (AFBCA) civilian employees. Charge BRAC accounts for training costs for HQ AFCEE BRAC employees.

23.15. MWR Packing, Crating, And Transportation Of MWR Equipment. Appropriated funds may pay for the transportation of MWR equipment and supplies (appropriated and nonappropriated fund-owned) because of a base closure or realignment.

- Funding policy for shipment of MWR items is the same as that for appropriated support equipment.
- Use BRAC Account funds to transport MWR equipment and supplies.
- In all cases, the gaining base must have a validated requirement to use BRAC funds.

23.16. Congressional Approval for Construction. Notify the House and Senate Armed Services Committees for any project funded from base closure that exceeds the ceiling on minor construction ($300,000) and for any no longer required projects previously included in budget submissions. Specific approvals are not required.

23.17. NAFI Construction:

23.17.1. Don't fund any new commissary construction from the base closure accounts (according to the DoD policy stated in the 1992 hearings before the House Appropriation Subcommittee). However, certain provisions within BRAC I and II permit using proceeds from the sale of NAFI and commissary real property to finance acquisition and expansion of such facilities at receiving bases. Until DoD provides new guidance, do not fund new commissary construction from Base Closure Accounts.

23.17.2. Base closure account funds may fund construction and renovation of category A NAFI facilities and commissaries at receiving installations. However,

- Be careful to ensure that these projects do not exceed the needs created by closure or realignment.

- Don't use BCA funds for "get well" projects unrelated to closure or realignment.
- Notify Congress for all projects over $300,000.

23.17.3. Normally appropriated funds are not available for construction or expansion of category B or C NAFIs.

- Attachment C lists exceptions to the funding policies (e.g., when the transfer of new units or functions require construction or expansion at an installation).
- 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 and SAF/FMPB.

Table 23.1. Financing BRAC Costs.

TYPICAL BRAC COSTS (Not all inclusive)
MILCON. Use Site Survey data and enter cost for the year of execution. Planning and Design. Enter project cost and description. Include land acquisition requirements. Show environmental mitigation costs (at the gaining site only) in O&M costs Also include the following costs: • Special use space (anything for which there are no standards in 86-2). • Munitions' storage requirements. • Security (Alarm system, fencing, lights, etc.) • Utilities (isolation, rerouting, additions) • Site preparation costs • Environmental considerations and costs at the realigning location (replacement of wetlands, if required, etc.)
Military Family Housing (MFH) • Include land acquisition, if required, as an entry and relate it to the specific MFH project • Include environmental mitigation in O&M • Include Planning and Design in the same way as for MILCON **Operation and Maintenance.** Civilian Personnel Transportation of Things. Include only transportation to destinations in CONUS. 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. Non-Accountables (Furniture, Office Equipment, etc.) Travel. • Covers TDY expenses • Include costs for Closure Task Force (CTF) teams for closures. • Include estimated costs for Rapid Area Distribution System and Engineering Installation Group (EIG).

Communications • Include removal of ATCALS, base communication or computer equipment. • Include contracts for commercial services for communication or computer support such as telephone or switch installation or removal, cranes for removing ATCALS, etc. • Include all REHOMING costs • Include O&M costs for base communication or computer expansions. Utilities and Rents • Include leases for temporary (or permanent) facilities. • Include any additional one-time utility costs for temporary facilities, i.e., install or deinstall. • Do not include the recurring cost of heat, water, sewage, etc., since the unit would have to pay that on a permanent facility. The gaining base budgets for this during the first SATAF. Purchased Equipment Maintenance. Other Purchased Services. Include one-time contracts required to close a base or realign unit. Supplies. Include on-time materials such as plywood to board up windows, needed to pickle the base. • Do not include office supplies, software, computers, furniture, 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 $300,000 or more. • Include both projects for temporary and permanent beddowns. • Do not include planning and design costs.
Procurement Type Items. These are items bought with 3080 funds that exceed the normal O&M expense or investment threshold. Such items are communications switches, cables, 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.
Environmental Compliance and Installation Restoration programs before closure.

24.1. Forms Prescribed. AF Form 401, **Budget Authority/Alloment** and AF Form 402, **Obligation Authority/Suballoment**

24.1. (30SW) Forms Prescribed. 30 SW Forms 143, Range Contractors Estimate Summary, 144, Range Configuration Estimate, 145, Data Transfer Estimate, 146, Data Support Estimate, 147, Support to Range Detail, 148, ROMSSC Variance Analysis, 149, 30th Space Wing Estimate Summary,

Form 5605, Request for 30 SW Job Order Number Action, Form 5608, Direct Labor, Form 5609, Direct Travel, and 5616, Other Direct Costs.

Attachment 1

GLOSSARY OF REFERENCES, ABBREVIATIONS, ACRONYMS, AND TERMS

Section A--References

Public Laws

Title 10, U.S.C., Section 2205, *Availability of Reimbursements*

Title 10, U.S.C., Section 2208, *Working-capital Funds*

Title 10, U.S.C., Section 2209, *Management Funds*

Title 10, U.S.C., Section 2210, *Proceeds of Sales of Supplies*

Title 10, U.S.C., Section 2212, *Contracted Advisory and Assistance Services*

Title 10, U.S.C., Section 2214, *Transfer of Funds: Procedure and Limitations*

Title 10, U.S.C., Section 2481, *Utilities and Services: Sale; Expansion and Extension of Systems and Facilities*

Title 10, U.S.C., Section 2571, *Interchange of Property and Services*

Title 10, U.S.C., Section 2577, *Disposal of Recyclable Materials*

Title 10, U.S.C., Section 2636, *Deductions from Carriers Because of Loss or Damage to Material in Transit*

Title 10, U.S.C., Section 2667, *Leases: Nonexcess Property*

Title 10, U.S.C., Section 9629, *Proceeds: Disposition*

Title 31, U.S.C., Subchapter IV, *Closing Accounts*

Title 31, U.S.C., Section 1301, *Application*

Title 31, U.S.C., Section 1341, *Limitations on Expending and Obligation Amounts* (Antideficiency Act)

Title 31, U.S.C., Section 1502, *Balances Available*

Title 31, U.S.C., Section 1517, *Prohibited Obligations and Expenditures* (Antideficiency Act)

Title 31, U.S.C., Section 1535, *Agency Agreements*

Title 31, U.S.C., Section 1536, *Crediting Payments from Purchases Between Executive Agencies*

DoD Directives, Regulations, and Instructions

DoDI 4000.19, *Interservice, Interdepartmental, and Interagency Support*, April 15, 1992

DoD 7000.14-R, *DoD Financial Management Regulation*, Volume 2A, *Budget Presentation and Formulation*, May 11, 1994

DoD 7110.1-M, *DoD Budget Guidance Manual*, May 1990, Chapters 412 through 451.

DoD 7220.9-M, *DoD Accounting Manual*, date, Chapter 26, Reimbursements, with Changes 1 through 17,

Departmental Publications

AFI 10-601, *Mission Needs and Operational Requirements Guidance and Procedures*

AFI 10-1001, *Civil Aircraft Landing Permits* (formerly AFR 55-20)

AFI 21-101, *Air Force Maintenance Management* (formerly AFR 66-1)J

AFI 25-201, *Support Agreements Procedures*

AFI 32-1021, *Planning and Programming of Facility Construction Projects*

AFI 32-9001, *Acquisition of Real Property* (formerly AFR 87-1)

AFI 32-1032, *Planning and Programming Real Property Maintenance Projects Using Appropriated Funds (APF)*

AFI 32-7001, *Environmental Budgeting*

AFI 32-9003, *Outgrant of Real Property*

AFI 34-201, *Use of Funds* (formerly AFR 176-1)

AFI 35-201, *Community Relations*

AFI 36-1001, *Performance Management Program* (formerly AFR 40-452)

AFI 36-5001, *Civil Air Patrol* (formerly AFR 45-10)

AFI 37-162, *Managing the Processes of Printing, Duplication and Copying*

AFI 38-301, *Productivity Enhancing Capital Investment* (formerly AFR 25-3)

AFI 38-401, *The Air Force Suggestion Program*

AFI 63-401, *Contracted Advisory and Assistance Services*

AFI 65-106, *Appropriated Fund Support of Morale, Welfare and Recreation Programs*

AFI 65-603, *Official Representation Funds* (formerly 11-16)

AFI 99-101, *Developmental Test and Evaluation* (formerly AFR 80-14 &80-19)

AFI 99-109, *Test Resource Planning* (formerly AFR 80-14)

AFMAN 23-210, *Storage and Material Handling*

AFCAT 36-2223, *US Air Force Formal Schools* (formerly AFR 50-5)

AFR 170-2, *Project Orders*, 28 February 1985

AFR 170-5, *Responsibility Center/Cost Center Codes*

AFR 170-8, *Accounting for Obligations*, 15 January 1990

AFR 170-9, *Fiscal Yearend Certification of Appropriation and Fund Balances*, 30 June 1993

AFR 170-13, *Accounting for Commitments*, 30 July 1990

AFR 177-16, *Administrative Control of Appropriations*, 30 November 1988

AFR 177-101, *General Accounting and Finance Systems at Base Level*

Air Force Corporate Data Dictionary (on-line system), Air Force Data Elements (formerly AFR 700-20, Volume I)

Section B--Abbreviations and Acronyms

A&F—Accounting and Finance

ABA—Annual Budget Authorization

ACC—Air Combat Command

ADPE—Automatic Data Processing Equipment (see IPE)

ADSN—Accounting and Disbursing Station Number

AETC—Air Education and Training Command

AFA—Air Force Academy

AFAA—Air Force Audit Agency

AFDW—Air Force District of Washington

AFIC—Air Force Intelligence Command

AFIF—Air Force Industrial Fund

AFISC—Air Force Inspection and Safety Center

AFLSC—Air Force Legal Service Center

AFMC—Air Force Materiel Command

AFMEA—Air Force Management Engineering Agency

AFMPC—Air Force Military Personnel Center

AFO—Accounting and Finance Officer

AFOMS—Air Force Office of Medical Services

AFOSI—Air Force Office of Special Investigations

AFOSP—Air Force Office of Security Police

AFOTEC—Air Force Operational Test and Evaluation Center

AFRES—Air Force Reserves

AFSA—Air Force Safety Agency

AFSPA—Air Force Security Police Agency

AFSOC—Air Force Special Operations Command

AFSF—Air Force Stock Fund

AFSINC—Air Force Service Information and News Center

AFSPACECOM—Air Force Space Command

AFTAC—Air Force Tactical Applications Center

AID—Agency for International Development

ALC—Air Logistics Center

ANG—Air National Guard

ANGSC—Air National Guard Service Center

APF—Appropriated Funds

ARF—Air Reserve Force (AFRES/ANG)

ARPC—Air Reserve Personnel Center

ASIF—Airlift Services Industrial Fund

ASIP—Aircraft Structural Integrity Program

AU—Air University

BA—Budget Authorization

BCE—Base Civil Engineer

BEAMS—Base Engineer Automated Management System

BP—Budget Program

BPAC—Budget Program Activity Code

BY—Budget Year

CAAS—Contracted Advisory and Assistance Services

CAP—Civil Air Patrol

CENTCOM—United States Central Command

CFE—Contractor Furnished Equipment

CFY—Current Fiscal Year

CG—Comptroller General

CLS—Contractor Logistic Support

CONUS—Continental United States

CRA—Continuing Resolution Authority

CY—Current Year

DBOF—Defense Business Operations Fund

DECA—Defense Commissary Agency

DFASDE—Defense Finance and Accounting Service Denver Center

DLA—Defense Logistics Agency

DMATS—Defense Metropolitan Area Telephone System

DMIF—Depot Maintenance Industrial Fund

DMS—Depot Maintenance Service

DOD—Department of Defense

DOD(C)—Department of Defense Comptroller

DRU—Direct Reporting Unit (to HQ USAF)

DT&E—Developmental, Test, And Evaluation

ECIP—Energy Conservation Improvement Program

ECO—Economic Change Order

EEIC—Element Of Expense/Investment Code

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

FDT—First Destination Transportation

FEMA—Federal Emergency Management Agency

FEMP—Federal Energy Management

FMS—Foreign Military Sales

FOT&E—FollowOn Operational Test And Evaluation

FP—Financial Plan

FTD—Field Training Detachment

FY—Fiscal Year

FYDP—Future Year Defense Program

GAO—General Accounting Office

GFE—Government Furnished Equipment

GSA—General Services Administration

GSD—General Support Division, AFSF

HAC—House Appropriations Committee

HTSA—HostTenant Support Agreement (see ISSA)

ICS—Interim Contractor Support

IOT&E—Initial Operational Test And Evaluation

IP—Information Processing (Was ADP And WP)

IPE—Information Processing Equipment (was ADPE and WPE)

ISSA—Interservice Support Agreement (see HTSA)

JCS—Joint Chiefs of Staff

JTR—Joint Travel Regulation

LOGAIR—Logistics Airlift

MAAG—Military Assistance Advisory Group

MAC—Military Airlift Command

MAJCOM—Major Command

MAP—Military Assistance Program

MCP—military construction program

MDD—Medical Dental Division, AFSF

MFH—Military Family Housing

MFP—Major Force Program

MILCON—Military Construction

MILPERS—Military Personnel

MIPR—Military Interdepartmental Purchase Request

MOU—Memorandum of Understanding

MSC—Military Sealift Command

MTT—Mobile Training Team

MWR—Morale, Welfare, And Recreation

NAF—Nonappropriated Funds

NAFI—Nonappropriated Fund Instrumentality

NATO—North Atlantic Treaty Organization

NGB—National Guard Bureau

O&M—Operation And Maintenance

OAC—Operating Agency Code

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

OTO—Operational Test Organization

OLVIMS—OnLine Vehicle Interactive Management

PACAF—Pacific Air Forces

PAT&E—Production Acceptance Test And Evaluation

PCS—Permanent Change Of Station

PE—Program Element

PEC—Program Element Code

PFY—Prior Fiscal Year

POL—Petroleum, Oils, And Lubricants

POV—Privately Owned Vehicle

PPBS—Planning, Programming, And Budgeting System

PY—Prior Year

QOT&E—Qualification Operational Test And Evaluation

R&D—Research And Development

RC/CC—Responsibility Center/Cost Center

RCS—Report Control Symbol

RDT&E—Research, Development, Test, And Evaluation

RMS—Resource Management System

RPM—Real Property Mainenance

RPMA—Real Property Maintenance

ROTC—Reserve Officer Training Corps

RPIE—Real Property Installed Equipment

RPS—Real Property Services

SAAC—Security Assistance Accounting Center

SAAM—Special Assignment Airlift Mission

SAC—Strategic Air Command or Senate Appropriations Committee

SAF—Secretary of the Air Force

SC—Sales Code

SDT—Second Destination Transportation

SF—Stock Fund

SSD—Systems Support Division, AFSF

SOA—Separate Operating Agency

TAC—Tactical Air Command

TDY—Temporary Duty

TMO—Traffic Management Office(r)

TR—Transportation Request

UMD—Unit Manning Document

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

USSOCOM—United States Special Operations Command

VE—Value Engineering

VECP—Value Engineering Change Proposals

VEP—Value Engineering Proposals

VIMS—see OLVIMS

WPE—Word Processing Equipment (see IPE)

WRM—War Reserve Materiel

Section C--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 Air Force Corporate Data Dictionary, ADE AC-1 15).

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.

- ***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.
- ***Effort--*** The costs associated with the further processing of components, parts, and materiel or the preparations for such processing, as related to advance procurement.

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.

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 Regulation 170-9).

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 Regulation 170-9).

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 5000.2.

- ***Computers: Information Processing Equipment (IPE)--***Information processing (IP) 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 (AFI 63-xxx series and DODI 5000.2). 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 paragraphs **4.5.1.** and 4.5.2. (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 IPE. 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 IPE, 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 IPE users to accomplish specific, mission-oriented tasks, jobs, or functions using the IPE 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.

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.

Construction, Repair, Maintenance:—

- ***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 resulting in a change to the first digit of the real property category code. Maintenance refers to the day-to-day work required to preserve real property facilities and prevent premature failure or wearing out of system components. Maintenance includes work to prevent and arrest component deterioration. It also includes work required to restore components which deteriorated, but have not yet completely failed or exceeded their economic life.
- ***Defense Business Operations Fund (DBOF) Minor Construction*--**See **Chapter 18**.
- ***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 and paragraphs **9.16.** and **9.14.**
- ***Major Construction Program*--**All construction projects for the active and air reserve forces costing more than $300,000, 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 $300,000 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 or less than $1.5. million. Minor construction projects costing $300,000 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 **9.12.2.1.**
- ***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--***The various functions for the maintenance and repair of facilities and the accomplishment of minor construction financed by an operations appropriation.
- ***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--***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. Repairs includes:
  - Restoration or replacement and components and systems that have worn out, failed or exceeded their economic life, by installing modern, reliable, maintainable, functional, economical, and energy efficient materials and equipment.
  - Work necessary to rectify fire or other occupational safety and health code deficiencies.
  - Modifications to utility systems (i.e., building, generation, or distribution systems) to reduce O&M costs or provide more reliable services by increasing the capacity or efficiency necessary to effectively support current requirements. Refer to AFI 32-1032 for further definition.
- ***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 $300,000 or less in support of R&D-funded activities or installations. See **Chapter 13** for further guidance and procedures. AFI 63-701 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 Program--***Urgent, unforeseen construction projects, costing between $300,000 and $1,500,000 ($300,000 to $400,000 for the air reserve forces), that cannot wait for the next President`s Budget Submission. The authority is Title 10 U.S.C. 2805 and 2233a.

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.).

Continuing Resolution Authority—Budget authority resulting from legislation introduced as a joint resolution and enacted by the Congress to provide authority for federal agencies to continue in operation 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.

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 providing all or portions of the organizational, intermediate, or depot support required to support a weapon system, weapon subsystem, or item of equipment. CLS generally supports short operational life systems or small inventories. It includes commercial or off-the-shelf aircraft, missiles and equipment; research and development (R&D) prototypes converted to operational use etc., when AFMC organic life cycle logistics support is not planned for various reasons (for example, is not cost effective). Under CLS, the user obtains spares and repair parts off-the-shelf; the spares are not normally provisioned and stock listed by the Air Force. Under CLS, it is common for the contractor to provide all elements of support (that is, support equipment, data, spares, and personnel). CLS differs from ICS in that it is a permanent rather than temporary method of contractor support.

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.

Defense Business Operations Fund (DBOF) Terms:—

- ***Activity***--*T*he lowest organization within the Component which is managed as a single entity, e.g., San Antonio Air Logistics Center.
- ***Business Area--***An aggregation of DBOF 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 Business Areas*** include:
  - ***Transportation***--Through FY 1994. Incorporates the former Airlift Services Industrial Fund (ASIF), with the exception of common user functions now assigned to the United States Transportation Command (USTRANSCOM).
  - ***Depot Maintenance***--Incorporates the former Depot Maintenance Industrial Fund (DMIF).
  - ***Base Support***--Through FY 1994. Incorporates the former Laundry and Dry Cleaning Service Industrial Fund.
  - ***Supply Management***--*I*ncorporates the seven divisions of the former Air Force Stock Fund (AFSF). The retail divisions are the Fuels Division, Air Force Academy Cadet Store Division, Medical-Dental Division and General Support Division (GSD). Wholesale divisions include the Systems Support Division (SSD), Reparable Support Division (RSD), and Cost of Operations Division (COD).
- ***Capital Assets--***Depreciable equipment acquired at a specific point in time for a determinable cost of $15,000 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.
- ***Common Costs--***Costs incurred by multiple business areas or activities, which are payable to a single entity external to the DBOF. 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.
- ***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.

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.

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, 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 Regulation 170-8). 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. P. L. 101-510 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 contract is not fully funded if a future-year appropriation is required for delivery of the end items.

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-Tenant:—

- ***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.

- ***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). For civil engineering purposes, the determining factor as to whether a facility is on-base or off-base is real property ownership of the facility.
- ***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.
- ***Tenant:***
  - ***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 DoD Instruction 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.

InstantContract—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 or risk 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 a specified period 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 justified through review, analysis, and experience.

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 Logistics Centers).

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, weapon, shipbuilding, and tracked combat vehicle procurement accounts.

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.

Obligations:—

- ***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 listed in AFI 37-162.

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 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 (either another component of the DoD or another government agency) that meets the criteria in DFAS-DE Regulation 170-2. As stated in DFAS-DE Regulation 170-2, ordering activities may use the Military Interdepartmental Purchase Request (MIPR) form (DD Form 448) as a project order provided it contains the following specific statement: "This order is placed in accordance with the provisions of 41 U.S.C. 23 and DoD Directive 7220.1."

Recurring Costs—*P*roduction costs that vary with the quantity being produced, such as labor and materials.

Reimbursement:—

- ***Anticipated Reimbursement*--**The dollar amount of reimbursement estimated to be realized during the life of the appropriation. On command reimbursement reports, anticipated reimbursements received applicable 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 the Security Assistance Accounting Center (SAAC) 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 SAAC 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. Reprogramming is generally accomplished pursuant to consultation with and approval by appropriate congressional committees.

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—Facities, materiel, or services provided by the host to a tenant.

- ***Interservice Support--***Peformed 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 reprocurement 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 is 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 99-101 and AFR 55-43.

- ***Developmental Test and Evaluation (DT&E)--***Process used to measure progress, verify accomplishment of development objectives; and to determine if theories, techniques, and materiel are practical and if systems or items under development are technically sound, reliable, safe, and satisfy specifications.
- ***Implementing Command--***The command (usually AFMC) responsible for the acquisition or modification of the system, subsystem, or item of equipment and for managing DT&E, DT&E qualification tests, qualification test and evaluation (QT&E), and production acceptance test and evaluation (PAT&E).
- ***Net-Additive Costs--***Used in reference to operational test and evaluation (OT&E), T&E costs specifically incurred to support a test that cannot be satisfied in conjunction with training or other programmed testing. These are support costs (including pretest planning and test preparation activities) that would not be incurred if OT&E were not conducted. Examples of these costs are provided in **Figure 14.1.**
- ***Operational Test and Evaluation (OT&E)--***Testing and evaluation (divided into initial operational test and evaluation and follow-on operational test and evaluation, and generally associated with the first major production decision) conducted in as realistic an operational environment as possible to estimate prospective system's military utility, operational effectiveness, and operational suitability. In addition, operational test and evaluation provides information on organization, personnel requirements, doctrine, and tactics. Also, it may provide data to support of verify material in operating instructions, publications, and handbooks. There are three subcategories of OT&E:
- ***Initial OT&E (IOT&E)--***The first phase of operational test and evaluation conducted on preproduction items, prototypes, or pilot production items, and normally completed before the first major production decision. It is conducted to provide a valid estimate of a system's operational effectiveness and operational suitability before the first major production decision.
- ***Follow-on OT&E (FOT&E)--***The second phase of operational test and evaluation conducted on production items in a operational environment. It is conducted to verify operational effectiveness and operational suitability; and to provide information on organization, personnel requirements,

doctrine, and tactics; and assess whether production techniques have affected system performance or operational suitability as determined during initial operational test and evaluation.

- ***Qualification OT&E (QOT&E)--***There are programs for which OT&E must be performed even though there has not been a foregoing development effort. This testing is conducted after or in combination with QT&E, may involve single end items or multiple procurements, and could lead to a major procurement or production decision. QOT&E is conducted in lieu of IOT&E on programs for which there has been no R&D effort, and on certain modifications to existing systems.
- ***Operational Test and Evaluation Command (OTEC)--***Usually Air Force Operational Test and Evaluation Center (AFOTEC), but sometimes the major command (MAJCOM) or Field operating agency (FOA) responsible for managing and conducting the OT&E.
- ***Pretest Planning Activities--***These involve OT&E organizations in test plan working group (TPWG) meetings, development of the test plan, and coordination of support requirements outlined in that test plan (see paragraph **14.2.7.** for test preparation activities).
- ***Test Preparation Activities--*** These take place before the start date. They include activities such as modifying or shipping equipment needed for the test, training personnel who will operate and maintain the system during testing, site preparation, procuring supplies and support items for conducting the test, and establishing the test team at the test site. These activities also take place before the test start date, but are not classified as pretest planning activities.
- ***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)--***QT&E is conducted in lieu of DT&E, which may involve contractor and government testing, on programs for which no R&D effort is required (commercially developed items, off-the-shelf equipment items, etc.) and on certain modifications to existing systems.
- ***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 allocated for test preparation and conduct and issued to the agency responsible for conducting the test. For DT&E, test funds would be those funds issued to the Systems Program Office (SPO). For IOT&E, test funds would be those funds issued to the OTEC (AFOTEC, MAJCOM, or FOA) conducting the test.
- ***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.

- ***Special Support Costs*--**This term is used in the context of test and evaluation programs. It refers to those acquisition or hardware costs, other than those associated with the item(s) which is (are) the subject of the test, which are incurred in direct support of the T&E effort. A good example would be special range instrumentation costs.
- ***Command Support Costs*--**This term also is used in the context of the T&E programs. It refers to the "people-related" costs of the command and operational units provided collateral support to the T&E effort. These are additional costs incurred because of this test support. Examples are per diem pay, travel allowances, overtime, etc.

Transfer Authority—Authority provided by the Congress to transfer budget authority from one appropriation or fund account to another.

Transportation:—

- ***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 manufacturers 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 **10.45.**), 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. (AFI 63-801, DoDD 4245.8 and 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 DoD Instruction 5000.2).

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 Business Operations Fund (DBOF) in FY 1992 represents a significant change in the way we program, budget and execute support dollars within the Department of Defense. The DBOF 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.

A2.11. The concept has a two-fold focus. First, the DBOF 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 DBOF "business areas," with more focus on cost control benefiting the customers through lower rates.

A2.12. The method of distributing financial authority and fixing responsibility in the DBOF environment is through the principle of unit cost resourcing. As a typical example, a DBOF 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 DBOF but which are funded on the basis of both an obligation authority and a unit cost goal.

Examples of this type of fee-for-service activity are the training establishment and data processing support.

A2.13. 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

CONTRACT AND ADVISORY ASSISTANCE SERVICES (CAAS)

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 Regulation 7000.14R, volume 2, chapter 19 (see paragraph **A3.4.**), and in guidance issued annually by SAF/FMB.

A3.3. Reporting requirements for CAAS are exempt from licensing according to volume 2 of the *DoD Financial Management Regulation* (DoD 7000.14-R) and paragraph E.4.f., of DoD 7750.5-M, *Procedures for Management of Information Requirements.* (RCS: SAF/FMB(BA)9007, Contract Advisory Assistance Services, formerly applied.)

A3.4. See the following references:

- DoD 7000.14-R, *DoD Financial Management Regulation, volume 2, Budget Presentation and Formulation,* May 11, 1994, chapter 19.
- DoD Directive 4205.2, *Acquiring and Managing Contracted Advisory and Assistance Services (CAAS),* February 10, 1992.
- AFI 63-401, *Contracted Advisory and Assistance Service,* 1 November 1993.
- AFPD 63-4, *Contracted Advisory and Assistance Services,* 7 September 1993.

Attachment 4

DEFERRALS AND RESCISSIONS

A4.1. DoD Comptroller Guidance on Deferrals and Rescission (from DoD 7110.1-M, *DoD Budget Guidance Manual*, May 1990, chapter 412. See paragraphs **A4.2.** through **A4.4.**

A4.2. Deferrals:

"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 Anti-deficiency 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.

"2. All funds deferred through the apportionment process (those permitted under the Antideficiency Act, as well as those amounts being set aside for any other reason) must be reported to the Congress in special messages. Either House of Congress may overturn a deferral at any time by passing an impoundment resolution disapproving the deferral. If the Congress takes no action to disapprove reported deferrals, they 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.

"3. As the fourth quarter approaches, departments and agencies should review all deferrals (particularly of funds expiring at the end of the year) to assure 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.

"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:

"1. The Impoundment Control Act specifies that whenever the President determines that all or part of any budget authority will 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 (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. When approved by OMB, funds may be proposed for rescission without being withheld.

"2. All funds proposed for rescission, including those withheld, must be reported to Congress in special messages. Affirmative action in the form of an enacted law must be completed to rescind funds. If both Houses 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 Defer rals:

"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 DoD. 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, officials within DoD 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.

- First identify a need for additional facilities.
- Define the need, rank the priority, and compete the projects for available resources.
- Start the project definition at the installation level and move the project through the chain of command for budget submission. **Table 9.1.** 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.
- The actual design phase lasts 1 to 2 1/2 years, while the construction phase could take 1 to 3 years.
- The remaining time is for planning, programming, budgeting, and procurement activities. 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 1993 Military Construction Project.

	1988	1989	1990	1991	1992	1993	1994	1995
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 35-100% design Service reviews & approves			
CONSTRUCTION					Service solicits bids & awards contract	Construction[2]		User occupies facility
	1988	1989	1990	1991	1992	1993	1994	1995

* Future Year Defense Program ** Architect & Engineer

[1] Reserve Component facilities are to be at 65% design complete before inclusion in OSD budget

[2] Don't award contracts without Congressional authorizations and appropriations.

Attachment 6

DEFENSE BUSINESS OPERATIONS FUND

A6.1. Purpose of DBOF:

A6.1.1. DoD expanded the use of businesslike financial management practices through the establishment 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 DBOF operates with financial principles that provide improved cost visibility and accountability to enhance business management and improve the decision making process. The DBOF builds on revolving fund principles previously used for industrial and commercial-type activities. Successful implementation of the DBOF 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.

A6.1.2. The establishment of the DBOF 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.

A6.1.3. The primary purpose of the DBOF 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.

A6.1.4. 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.

A6.2. Additional guidance on DBOF and the former AF Stock/Industrial Funds is in:

A6.2.1. AFR 170-16, *Laundry and Dry Cleaning Services, AFIF*.

A6.2.2. AFR 170-21, *Depot Maintenance Service, AFIF*.

A6.2.3. AFR 170-24, *Airlift Service, AFIF*.

A6.2.4. AFR 170-25, *Procedures in Support of Air Force Stock Fund*.

A6.2.5. DoD 7000.14, *DoD Financial Management Regulation*, Volume 2, *Budget Presentation and Formulation*, chapters 1 and 9.

A6.2.6. DoDI 4000.19, I*nterservice, Interdepartmental, and Interagency Support*.

A6.3. Concept of Operations. The DBOF 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 DBOF eliminates direct appropriations for many elements of cost in existing funds. Sales to customers must reflect total costs not just direct costs. It elevates cash control to the DoD Comptroller (DoD(C)), the DBOF treasurer. Although the Military Departments retain control of their respective business areas, the Service's focus is supposed to be on cost management. A DBOF Financial Policies Board, chaired by DoD(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 DBOF.

A6.4. New Business Areas . Criteria for inclusion of a business area in the DBOF 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 DBOF activities or to rescind the authorization of existing DBOF activities. The DoD Comptroller authorizes or approves specific DBOF business areas and/or activities and the terms under which such business areas and/or activities shall be operated.

Attachment 7

COMPTROLLER DEACTIVATION CHECKLIST FOR BASE CLOSURES

A7.1. As a guide, the installation comptroller normally performs the following deactivation activities:

- Ensure continuity of comptroller functions needed to support operational requirements during phase down and deactivation.
- Coordinate with other staff functional areas to determine fund requirements needed to support closure plans, and ensure that such funds are available.
- Ensure that an adequate number of qualified comptroller personnel remain in place to effectively mange comptroller supports requirements during phase down and deactivation.
- Suspense 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.
- Designate individual to be responsible for documentation of unit phase out and submission of lessons learned.
- Advise Air Force Audit Agency (AFAA) representative of base closure.
- Notify commanders of the importance of early identification of losses so required reports can be initiated.
- Notify survey officers to expedite processing of outstanding reports of survey and government property loss or damage (GPLD) certificates.
- Close military finance facility. Notify command and DFAS-DE/AOR, DFAS-DE/FJG, DFAS-DE/FJR.
- Determine closeout vice transfer of orderly room functions.