



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE UNDER SECRETARY

22 February 2002

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IAP
1080 Air Force, Pentagon
Washington, DC 20330-1080

SUBJECT: Policy for Reimbursement of FMS Administrative, Direct Case Funding for Base Operating Support (BOS) Costs, and Personnel Support Costs (IAPX-02003)

References: (a) Financial Management Regulation (FMR), Volume 15, Section 070603

(b) Security Assistance Management Manual (SAMM), Sections 130202.C.1.b.(3)(d) and (e)

(c) Arms Export Control Act (AECA), Section 21(e)(1)(A) and Section 21(a)(1)

There continues to be uneven and widespread interpretative differences of allowable reimbursements for base operating support (BOS) costs and personnel support costs with either FMS administrative or direct case funding. This memorandum serves as policy for allowable reimbursements.

The FMS administrative fee is collected in accordance with AECA Section 21(e)(1)(A) to fund the general administration of the FMS program. Where costs are incurred by the USG in providing support to a certain country or countries, AECA Section 21(a)(1) requires reimbursement by the country or countries receiving the support.

a. BOS Costs. Section 21(e)(1)(A) specifically excludes "a pro rata share of fixed base operation costs" from the costs which are includable in the FMS administrative fee. In accordance with reference (b), "[a]ctual BOS costs may be included in FMS administrative budgets only if they are incurred primarily for the benefit of the FMS program." Before any BOS costs can be funded with either FMS administrative or direct case funds, reference (a) requires there must be "conclusive demonstration that actual additional costs are being incurred" for the FMS program or for a particular FMS customer or customers. The charging of such additional BOS costs to the FMS administrative fund on a prorated basis is only authorized for "dedicated"¹ activities. Where a full-time effort is either concentrated in subordinate organizations (e.g., System Program Offices (SPOs)), or scattered through the activity, the use of proration techniques would not

¹ Dedicated organizations for the Air Force are the Air Force Security Assistance Center (AFSAC) and the Air Force Security Assistance Training (AFSAT) Squadron.

conclusively demonstrate that there are actual additional costs being incurred primarily for a foreign country (reference (b)).

b. Personnel Support Costs. Personnel support costs chargeable to the FMS administrative budget, in accordance with reference (a), may include **actual** costs for: automatic data processing, excluding equipment cost, to support FMS workload based on proration of machine time required to produce FMS reports or transactions, printing, reproduction, communications, utilities, and office supply costs incurred primarily for the benefit of the FMS program, and equipment costs, when such costs are specifically incurred to support the administration of the FMS program. The charging of such personnel support costs to the FMS administrative fund by a prorated basis is only authorized for “dedicated” activities as per above. Personnel support costs may be reimbursed via direct case funds based on a customer request for special consideration or when the program requires specialized equipment or skills necessary for the Security Assistance Program Manager (SAPM) to meet cost, schedule, and performance. As stipulated above, to be allowable these costs must be identified as actual costs, not a pro rata share.

This is a SAF/IAPX, SAF/GCI, and SAF/FMBIS coordinated policy. For questions concerning allowable costs for FMS administrative or direct case funding, please contact Ms. Patricia Vestal at DSN 227-2511, or email: patricia.vestal@pentagon.af.mil.

//signed//22 Feb 02

BETH M. McCORMICK
Director of Policy
International Affairs

cc:
See Distribution

DISTRIBUTION LIST
SAF/IA POLICY LETTERS

AFSAT/CC
315 J Street West
Randolph AFB TX 78150-4354
Email: bill.fehr@randolph.af.mil

HQ AFSAC/IA
4225 Logistics Ave
WPAFB, OH 45433-5006
Email: afsac.ccx@wpafb.af.mil

DFAS-DE/ID/IRCA/IX/IF
6760 East Irvington Place
Denver CO 80279-5000

HQ AMC/FMP
402 Scott Drive, Unit 1K1
Scott AFB IL 62225-5311

HQ AMC/XPRI
402 Scott drive, unit 1A3
Scott AFB Ill 62225-5311
Email: michael.wilmore@scott.af.mil

ANGRC/FMBO
1411 Jefferson Davis Hwy
Arlington, VA 22202-3231

HQ ACC/DOTS
205 Dodd Blvd, Suite 101
Langley AFB VA 23665-2789
Email: acc.dots@langley.af.mil

HQ PACAF/XPZP
Security Assistance Office (SAO)
25 E Street, Suite F207
Hickam AFB HI 96853-5417
Email: pacaf.xpzp@hickam.af.mil

HQ USAFE/LGXI
Unit 3050, Box 105
APO AE 09094-0105
Email: usafe.lg@ramstein.af.mil

ANG/XPP
1411 Jefferson Davis Hwy
Arlington, VA 22202-3231
Email: rossj@ngb.ang.af.mil

HQ AFSPC/XPIP
150 Vandenberg St, Suite 1105
Peterson AFB CO 80914-4620
Email: thomas.dickinson@peterson.af.mil
Email: john.tucker@peterson.af.mil

SAF/FMBIS
Pentagon, Room 4D223
Email: RSS - SAF/FMB SCATS Org Inbox

SAF/GCI
Pentagon, Room 4C941
Email: ileene.berfield@pentagon.af.mil

SAF/IAPA
Email: RSS - SAF/IAPA

SAF/IAPD
Email: RSS - SAF/IAPD

SAF/IARE
Email: RSS - SAF/IARE

SAF/IARL
Email: RSS - SAF/IARL

SAF/IARM
Email: RSS - SAF/IARM

SAF/IARP
Email: RSS - SAF/IARP

SAF/IAPQ
Email: RSS - SAF/IAPQ

SAF/IARS
Email: RSS - SAF/IARS

DISTRIBUTION LIST
SAF/IA POLICY LETTERS

SAF/IARW

Email: RSS - SAF/IARW

cc:

DISAM/DMC

Bldg 125

2335 7th Street

WPAFB OH 45433-7803

Email: research@DISAM.wpafb.af.mil

ASC/SYM (Deskbook)

ATTN: Mr. Joe Smith

2275 D. St, Bldg 16, Room 106

WPAFB, OH 45458-7233

Please review this distribution list to ensure organizational names, mailing and email address are current. If your office no longer requires information concerning security assistance policies and procedures, please contact Ms Sandy Harding, SAF/IAPX, email sandy.harding@pentagon.af.mil to update your information.