



DEPARTMENT OF THE AIR FORCE  
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

21 May, 2001

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/FMBIS  
1130 Air Force Pentagon  
Washington DC 20330-1130

SUBJECT: FY 02/03 Foreign Military Sales (FMS) Administrative/Logistics Support Expense  
(LSE) Budget Call

Attached is your FY 02/03 FMS Admin/LSE Budget planning guidance. It is provided to aid in the preparation of your FY 02/03 Budget plan, and is in accordance with all relevant DSCA guidance and OSD regulations. The DSCA budget call, templates, and instructions are available on the web at [http://129.48.104.142/PBB\\_Process\\_Steps/Step\\_6.htm](http://129.48.104.142/PBB_Process_Steps/Step_6.htm).

This call represents the start of the initial cycle of the new Performance Based Budget (PBB) process. The PBB process should have minimal impact at locations other than AFMC, AFSAT, and SAF. At this time, the significant differences from prior years will be the reporting of Object Class data by Core Function, and making initial estimates for the associated Performance Measures. In future years, data from Performance Based Cost (PBC) models at the aforementioned locations will dictate the allocation of resources to the Core Functions, with the smaller organizations being included in the SAF model. Also, mechanisms will be put in place to collect the necessary Performance Measure information.

In the absence of PBC data, allocation to Core Functions will be accomplished by formula or percentage based on the Core Function definitions and information available at your location. Your plan must be documented in a manner by which the Air Force security assistance mission is successfully accomplished within the prescribed funding levels.

The FY 02/03 Budget Planning Levels (BPLs) provide for pay raise and inflation from a baseline of your FY 01 program. Although it is expected that all organizations will operate within their budget planning level, a format is included for reporting Above Target requirements. Emphasis should be on the reasons the requirements cannot be accomplished within the budget targets and the impact if funding is not received.

Only activities with an explicit Representational Funds Limit have authority to expend funds for representational requirements. Unauthorized representational expenditures or exceeding the representational funds limit may result in a reportable Anti-Deficiency Act violation.

The execution plan is due on **13 Jul 01**. The point of contact in SAF/FMBIS is Mr. Paul Kopicki. He can be reached at DSN 227-6672, by FAX at 227-0920, or by email at [paul.kopicki@pentagon.af.mil](mailto:paul.kopicki@pentagon.af.mil).

//signed//

PATRICIA D. VESTAL  
Assistant for Security Assistance  
Directorate of Budget Investment  
Deputy Assistant Secretary (Budget)

Attachments:

1. Budget Guidance
2. Budget Exhibits
3. DSCA Guidance
4. Funding Targets

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## FY 2002 ADMINISTRATIVE BUDGET GUIDANCE

1. The following schedules are required:

a. Schedule 1A (Mission Statement). This statement may also be used as a vehicle to address programmatic/funding issues.

b. Schedule 1B: Quarterly Funding Requirements.

c. Schedule 2: Must consist of financial data shown by object class. The Schedule 2 and 2a must show costs for four years (FY 00-03). FY 01 must equal your annual funded program a/o 31 May 01. FY 00 should display actuals to include any adjustments to obligations up to 31 May 01. FY 01 should consist of estimated execution through 30 Sept 01. Make sure that your total funded program for FY 02-03 equals the budget planning levels for FY 02-03. Your program totals may not exceed those numbers. Formats are available for download at [http://129.48.104.142/PBB\\_Process\\_Steps/Step\\_6.htm](http://129.48.104.142/PBB_Process_Steps/Step_6.htm).

AFMC and AFSAT shall submit Schedule 2's by Core Function for each reporting organization. All other locations shall submit one Schedule 2 and refer to the Core Function definitions, in Attachment 3, to provide an estimated percentage breakout of your program by Core Function. Contact the SAF/FMBIS POC with any questions regarding the Core Function definitions.

d. Schedule 2a: Must consist of costs associated with individual ADP systems and new development. Any new development will need prior approval from the DSAMS Configuration Control Board and therefore, should be submitted on a separate Schedule 2a which includes a narrative justification and cost/benefit analysis.

e. Schedule 4 (Manpower Data): This schedule must be submitted by HQ AFMC product and logistics centers and AFSAT only.

f. The format for reporting Unfunded Requirements is similar to that used in the prior year. When completing the format refer to the Core Function definitions (Attachment 3) to align the requirement with the correct core function. If a requirement spans numerous Core Functions, separate formats must be completed for each Core Function. In this instance, use a priority numbering scheme with a second digit to identify each piece of the requirement, eg. 1.a., 1.b., etc.

g. Combating Terrorism: A CBT-1 must be used to identify resources, dollars, and personnel associated with Combating Terrorism. Please review and report applicable costs per instructions. Security costs are chargeable to FMS administrative budgets only for dedicated FMS organizations, unless otherwise approved in advance by DSCA Comptroller.

3. Civilian personnel are reflected in the FYDP as full time equivalents (workyears) rather than end-strengths. A workyear equates to 2087 hours and does not mean a manpower

position. Only individuals who can be identified as full time permanent FMS employees may be reflected under the "Civilian Full-Time Work Years" row on the budget submission templates (Schedule 2). Full time equivalent workyears must be shown in the part time workyears column.

4. Use the acceleration rate (currently 23.6%) when calculating benefits (Object Class 12.1). Do not use actuals. The FY 02/03 escalation rate for civilian pay includes locality pay. (Refer to Attachment 3, DSCA Guidance for rates)

5. Due to possible legislation, it may be necessary to reimburse for military pay in the future. Costs for Mil Pay in FY02 should be accumulated by military grade, E-1 through O-9, using the military composite standard pay and reimbursement rate table.

6. Due date is: 13 Jul 01.

**FOREIGN MILITARY SALES - FY 2002**  
**ADMINISTRATIVE EXPENSE/LSE EXECUTION PLAN**  
**MISSION STATEMENT - SCHEDULE 1A**

**ACTIVITY:**  
**POINT OF CONTACT:**  
**TELEPHONE:**

Empty box for mission statement content.

**FOREIGN MILITARY SAI FY 2002  
ADMINISTRATIVE EXPENSE/LSE EXECUTION PLAN  
QUARTERLY FUNDING REQUIREMENTS - SCHEDULE 1B**

**ACTIVITY:  
POINT OF CONTACT:  
TELEPHONE:**

**(FY 02, IN THOUSANDS)**

	<b>FIRST QUARTER</b>	<b>SECOND QUARTER</b>	<b>THIRD QUARTER</b>	<b>FOURTH QUARTER</b>
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**QUARTERLY REQUEST**

<b>CUMULATIVE AMOUNT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>PERCENTAGE</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
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**COMMANDER'S OR DESIGNATED REPRESENTATIVE'S REVIEW**

**BUDGET REVIEWED AND APPROVED BY:**

## Within Target

<b>Activity:</b>				
<b>POC:</b>				
<b>Telephone Number:</b>				
<b>Core Function:</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Description</b>				
Military Full Time (W/Y)				
Military Part Time (W/Y)				
<b>Total Military (W/Y)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Civilian Full Time (W/Y)				
Civilian Part Time (W/Y)				
<b>Total Civilian (W/Y)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Civilian Full-Time Permanent (11.1)				
Civilian Not Full-Time Permanent (11.3)				
Other Civilian Comp (11.5)				
<b>Subtotal Civilian Comp (11.9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Civilian Personnel Benefits (12.1)				
Unfunded Civilian Retirement (N/A)				
<b>Total Civilian Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
TDY (21)				
Transportation (22)				
Commercial & Utility Rents (23)				
ADP Rent Payments (23.4)				
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Print Reproduction (24)				
Other Services (W/Y)				
Other Services Non-ADP (25.1)				
Other Services ADP (25.2)				
BOS ICPS (25.3)				
Training (25.4)				
<b>Other Services Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Supply/Materials (26)				
Non ADP Equip (31)				
ADP Equip (31.1)				
SDR (99)				
<b>Total Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Special Projects</b>				
<b>CORE FUNCTION NARRATIVE</b>				
<b>SPECIAL PROJECTS COMMENTS</b>				

## Above Target

Claimant:		IA Priority:		
Telephone Number:				
Program Name:		Claimant Priority:		
Core Function:				
	FY 2000	FY 2001	FY 2002	FY 2003
<b>Description</b>				
Civilian Full-Time Permanent (11.1)				
Civilian Personnel Benefits (12.1)				
TDY (21)				
Transportation (22)				
Commercial & Utility Rents (23)				
Print Reproduction (24)				
Other Services Non-ADP (25.1)				
Supply/Materials (26)				
Non ADP Equip (31)				
ADP Equip (31.1)				
SDR (99)				
<b>Total Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROGRAM NARRATIVE/DESCRIPTION</b>				
<b>PROGRAM IMPACT NARRATIVE</b>				
<b>ALTERNATIVES NARRATIVE</b>				

## Logistic Support Expense

<b>Activity:</b>				
<b>POC:</b>				
<b>Telephone Number:</b>				
<b>Core Function:</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Description</b>				
Military Full Time (W/Y)				
Military Part Time (W/Y)				
<b>Total Military (W/Y)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Civilian Full Time (W/Y)				
Civilian Part Time (W/Y)				
<b>Total Civilian (W/Y)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Civilian Full-Time Permanent (11.1)				
Civilian Not Full-Time Permanent (11.				
Other Civilian Comp (11.5)				
<b>Subtotal Civilian Comp (11.9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Civilian Personnel Benefits (12.1)				
Unfunded Civilian Retirement (N/A)				
<b>Total Civilian Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
TDY (21)				
Transportation (22)				
Commercial & Utility Rents (23)				
ADP Rent Payments (23.4)				
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Print Reproduction (24)				
Other Services (W/Y)				
Other Services Non-ADP (25.1)				
Other Services ADP (25.2)				
BOS ICPS (25.3)				
Training (25.4)				
<b>Other Services Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Supply/Materials (26)				
Non ADP Equip (31)				
ADP Equip (31.1)				
SDR (99)				
<b>Total Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Special Projects</b>				

# Performance Measures

**Estimate Number of Routine and Non-Routine Pre-LOR Activities.**

<b>Point of Contact:</b>				
<b>Telephone #</b>				
<b>Core Function</b>	<b>Title</b>	<b>Description</b>	<b>Count Estimate</b>	
Pre-LOR	Scope of Pre-LOR Activity (to be designated as either routine and non-routine)	This measure is an estimated count of pre-LOR activities designed to develop a high-level understanding of the amount of time, effort, and resources dedicated to pre-LOR activities. This measure will be divided into both routine and non-routine for the purpose of examining the general types, categories and varying levels of complexity of pre-LOR activities	<b>Routine</b>	<b>Non-Routine</b>
Case Development	Number of Letter (s) of Request Received (including LOA and P&A Data)	This measure is a count of the number of Letter(s) of Request (LORs) Received including Letter of Offer and Acceptance (LOA) and Price and Availability (P&A) inquiries.		
Case Execution	Number of Cases not Supply Complete	This measure is a basic count of the number of cases that are not supply complete		
Case Execution.	Number of Open Supply Discrepancy Reports (SDRs)	This measure is a basic count of open Supply Discrepancy Reports (SDRs)		
Case Execution	Number of Formal Reviews (including PMRs, CMRs, FMRs)	This measure provides a basic count of the number of formal reviews that are conducted		
Case Execution & Case Closure	Number of Supply Complete Cases Less Than Two Years Old	This measure provides a basic count of the number of Supply Complete Cases that are less than two years old		
Case Execution & Case Closure	Number of Supply Complete Cases More Than Two Years Old	This measure provides a basic count of the number of Supply Complete Cases that are more than two years old.		
Narrative Information				
<p>1. Each claimant should provide an estimate for each performance measure base on current and historical information.</p> <p>2. Each claimant should begin collecting the performance measures information in preparation for the Execution and Performance Review in April of FY 2002.</p>				

**Provide narrative information regarding the collection of information. Additionally provide information on potential anomalies or trends.**

# Combating Terrorism

**COMBATING TERRORISM**  
 COMPONENT TITLE  
 APPROPRIATION TITLE

FY PY- 1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+ 1	FY BY2+ 2	FY BY2+ 3	FY BY2 +4
<u>Actual</u>	<u>Estimate</u>							

Total Obligational Authority (TOA) for FY PY-1 through FY BY2+4 should be provided for the Budget Submission. TOA for FY PY through FY BY2 should be provided for the President’s budget submission.

**A SEPARATE FORMAT IS REQUIRED FOR EACH APPLICABLE APPROPRIATION that is the source of charges to the FMS Administrative Budget**

- ? Military Personnel – report at combating terrorism (CbT) category level only.
- ? O& M/ Defense Health Program – report at each applicable CbT category by budget activity.
- ? Procurement – report at each applicable CbT category by budget activity/ P1 line item.
- ? RDT& E – report at each applicable CbT category by budget activity/ Program Element.
- ? Military Construction – report as Site Improvement by location and project title.
- ? Defense Working Capital Fund – report at each applicable CbT category at the Working Capital Activity level.

**Appropriation Summary:**

Appropriation Title (\$ in Millions)

Budget Activity  
 Budget Activity  
 Total

Financial Summary (\$ in Million):

**Physical Security Equipment**

Budget Activity, Title  
 Budget Subactivity/ line item (where applicable)  
 Budget Activity, Title  
 Budget Subactivity/ line item (where applicable)  
 Budget Subactivity/ line item (where applicable)

**Physical Security Site Improvements**

Enter applicable budget activities and subactivities

**COMBATING TERRORISM**  
 COMPONENT TITLE  
 APPROPRIATION TITLE

FY PY- 1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+ 1	FY BY2+ 2	FY BY2+ 3	FY BY2 +4
<u>Actual</u>	<u>Estimate</u>							

Physical Security Management & Planning

Enter applicable budget activities and subactivities/ line item

Security Forces & Technicians

Enter applicable budget activities and subactivities/ line item

Law Enforcement

Enter applicable budget activities and subactivities/ line item

Security and Investigative Matters

Enter applicable budget activities and subactivities/ line item

Counterintelligence

Enter applicable budget activities and subactivities/ line item

**Total Funding**

Personnel Summary:

Physical Security Management & Planning

- Civilian Full- Time Equivalent
- Active Military End Strength
- Selected Reserve Component End Strength

Security Forces & Technicians

- Civilian Full- Time Equivalent
- Active Military End Strength
- Selected Reserve Component End Strength

**COMBATING TERRORISM**  
 COMPONENT TITLE  
 APPROPRIATION TITLE

FY PY- 1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+ 1	FY BY2+ 2	FY BY2+ 3	FY BY2 +4
<u>Actual</u>	<u>Estimate</u>							

Law Enforcement

- Civilian Full- Time Equivalent
- Active Military End Strength
- Selected Reserve Component End Strength

ETC. (Enter only those combating terrorism categories with personnel resources)

**Total Personnel:**

- Civilian Full- Time Equivalent
- Active Military End Strength
- Selected Reserve Component End Strength

**Description of Major New Starts/ One- Time Upgrades/ Program Decreases:**

FY BY1:

- ? List, in bullet format, significant new starts (efforts with recurring costs), one- time starts, or program decreases from the previous fiscal year.
- ? Include cost of change and appropriation in parentheses at the end of each statement (\$+ 3. 5 million, O& M, Navy; \$+ 1. 0 million, O& M, Marine Corps).
- ? When appropriate, include the personnel resources in parentheses along with fiscal data (\$+ 3. 5 million, O& M, D- W; +35 civilian FTEs).

FY BY2:

- ? List, in bullet format, significant new starts (efforts with recurring costs), one- time starts, or program decreases from the previous fiscal year.
- ? Include cost of change and appropriation in parentheses at the end of each statement (\$+ 3. 5 million, O& M, Navy; \$+ 1. 0 million, O& M, Marine Corps).
- ? When appropriate, include the personnel resources in parentheses along with fiscal data (\$+ 3. 5 million, O& M, D- W; +35 civilian FTEs).

**INSTRUCTIONS**  
**EXHIBIT CBT-1, COMBATING TERRORISM**

The CbT-1 is the exhibit used to identify the Department's combating terrorism resources, dollars and personnel. It consists of tabular and narrative data.

**1. Scope :**

This exhibit will report only those resources (including civilian and military pay) associated with DoD's Combating Terrorism Program. This program consists of the following activities: physical security equipment, physical security site improvement, physical security management and planning, physical security forces and technicians, law enforcement, security and investigative matters, combating terrorism RDT&E, counterintelligence, and counterterrorism. These functional categories are described below.

**2. Definitions :**

A. Physical Security Equipment - Any item, device, or system that is used primarily for the protection of assets, personnel, information, or facilities to include alarms, sensors, protective lighting and their control systems and the assessment of the reliability, accuracy, timeliness and effectiveness of those systems, such as (but not limited to): exterior surveillance and/or intrusion detection systems; lighting systems; access controls and alarms systems; residential security equipment; equipment for executive protection, to include added doors, increased ballistic protection at offices/residences, personal body armor, and armored vehicles; and detection devices.

B. Physical Security Site Improvements - Any facility improvements (using O&M or MILCON funding) or new construction whose purpose is to protect DoD assets, personnel, or information to include walls, fences, barricades, or other fabricated or natural impediments to restrict, limit, delay or deny entry into a Defense installation or facility, such as (but not limited to): installation perimeter barriers, vehicle barriers, and interior barriers; safe havens; evacuation facilities; and surveillance platforms.

C. Physical Security Management and Planning - Personnel who manage physical security programs, resources, and assets such as, but not limited to, headquarters staff.

D. Security Forces/Technicians - All personnel and operating costs associated with *protective forces* whose primary or supporting mission is to safeguard assets, personnel or information. Included , but not limited to, are costs for: salaries, overtime, benefits, materials, supplies, travel, support equipment, facilities, training, communications equipment, and management, for the personnel engaged in the following activities such as (but not limited to): dedicated response forces and security forces; locksmiths; perimeter, installation or facility access control; inspection and maintenance of barriers and security system components; antiterrorism training for security forces; and antiterrorism awareness programs and training.

E. Law Enforcement - All personnel and operating costs associated with law enforcement to include, but not limited to, salaries, overtime, benefits, material and supplies, equipment and facilities, vehicles, helicopters, training, communications equipment, and management, such as (but not limited to): protective service details, including advance work; response forces; and military police.

F. Security & Investigative Matters Category - Includes Defense criminal investigative resources, conduct of vulnerability assessments (periodic high level reviews and physical security assessments), security and intelligence activities, and any cross-discipline security functions which do not easily fit into other security categories, such as (but not limited to): terrorism investigations; executive antiterrorism training; surveillance and countersurveillance teams; protective service details, including advance work; route surveys; and antiterrorism awareness programs and training.

***Exhibit CbT-1 Combating Terrorism***  
*(Page 4 of 6)*

G. Combating Terrorism RDT&E Category - Includes any RDT&E resources expended in the area of physical security or counterterrorism.

H. Counterintelligence - Includes personnel and funding associated with Tactical Intelligence and Related Activities (TIARA) and National Foreign Intelligence Program (NFIP) counterintelligence (CI) activities. These activities include terrorism investigations, surveillance and countersurveillance teams, terrorism analysis and production, force protection source operations, threat assessments, terrorism collection, route surveys, and intelligence staff support to deployed forces. Only those counterintelligence resources directly supporting force protection/combating terrorism activities are to be reported in this resource summary. Army and Marine Corps tactical CI resources and Army Security and Intelligence Activities CI resources will be reported by the Army and Marine Corps. The Director, Counterintelligence, ASD(C3I) will separately report all DoD Foreign Counterintelligence Program (FCIP) NFIP resources that map to the Force Protection sub-mission area in the NFIP Capabilities, Programming, and Budgeting System (CPBS).

I. Counterterrorism - Includes offensive measures taken to prevent, deter and respond to terrorism. The sensitive and compartmental programs of counterterrorism (CT) will be reported separately in the appropriate classified program submissions. The ODASD(SO&HA) is responsible for consolidating and reporting all combating terrorism CT resources.

### **3. Entries:**

A. General: DoD Components should prepare a separate summary for each applicable appropriation. Each summary will report resources (funding and personnel) by the combating terrorism functional categories described above

B. Appropriation Summary: For the O&M, Procurement, and RDT&E appropriations, report the total combating terrorism funds by budget activity. For the Military Personnel and Military Construction

appropriations, report resources at the appropriation level only. For DWCF accounts, report resources at the Working Capital Fund business area.

C. Financial Summary Section:

- (1) Military Personnel. Report resources by functional category at the appropriation level.
- (2) Operation and Maintenance. Report resources by functional category and budget activity.
- (3) Procurement. Report resources by functional category, budget activity, and budget subactivity (P1 line item)
- (4) RDT&E. Report resources by functional category, budget activity, and budget subactivity (program element (PE)/R-1 line item).
- (5) Military Construction. Report resources by functional category, State/Country, and project title.
- (6) Defense Working Capital Fund. Report resources by working capital fund business area level.

***Exhibit CbT-1 Combating Terrorism***  
*(Page 5 of 6)*

D. Personnel Summary Section:

(1) For each applicable appropriation, civilian personnel full-time equivalents (FTEs) and military (active and reserve component) end strength should be reported by functional category. If an appropriation does not finance any personnel resources, enter “None” on the Personnel Summary line as follows:

II. Personnel Summary: None.

(2) At a *minimum*, personnel in the following generic Military Occupational Series (MOS) and civilian job series should be reported as full-time Combating Terrorism assets – even if these persons spend only a portion of their time on combating terrorism activities. Additionally, personnel not in these MOS’s and/or job series who are assigned permanently or detailed to force protection offices and who spend at least 51% of their time directly supporting combating terrorism activities should be reported on this exhibit.

(a) MOS to be reported: Military Police, Physical Security, Criminal Investigator, Interrogator, Counterintelligence Officer, Military Investigations, Dog Handler, Kennel Master, Patrol Dog Handler, Security Guard, Locksmith, Master at Arms, Law Enforcement, Crime Prevention, Accident Investigator, Security Police, Security Policy, Nuclear Weapons Custodian, Interpreter/Translator, and Special Investigations.

(b) Civilian Job Series to be reported: Physical Security Manager (GS-0080), Civilian Police (GS-0083), Security Guard (GS-0085), Physical Security Manager (GS-0086), Locksmith (GS-48004), General Inspection and Investigation (GS-1801), Compliance Inspection (GS-1802), General Investigation (GS-1810), and Criminal Investigation (GS-1811).

(c) Personnel data associated with classified combating terrorism programs will be reported as follows: Army and Marine Corps tactical counterintelligence resources and all Army Security

and Intelligence Activities counterintelligence resources will be reported in the CbT-1 exhibit by the applicable Components. The ASD(C3I) will separately report all DoD Foreign Counterintelligence Program (FCIP) resources using the CbT-1 format. All special operations counterterrorism personnel data will be reported by the ASD(SO/HA) using the CbT-1 format.

E. Description of Major New Starts/One-Time Upgrades/Program Decreases:

For BY1 and BY2, provide a bulletized listing of major new starts (new efforts that will continue or recur in future years), one-time purchases or upgrades, and program decreases (termination or transitioning of efforts). Following each statement, the dollar amount and appropriation(s) and (when applicable) personnel resources associated with the change or new effort should be reported in parentheses. The intent of this section is to identify key combating terrorism initiatives contained in each year of the budget submission and to describe any significant changes between fiscal years.

***Exhibit CbT-1 Combating Terrorism***  
*(Page 6 of 6)*

## FY 2002 Budgetary Guidance

**Allowable Costs** As in past years, we emphasize that costs charged to FMS administrative funds must be directly tied to the accomplishment of the FMS mission. Excluded from these are such efforts as technical services and program management efforts, which are chargeable to the FMS case. See DoD 5105.38 Security Assistance Management Manual (SAMM), Section 70402, which provides definitions of program management and related charges. Use the SAMM in conjunction with attachments 3b and 3c to determine what type of costs to finance from the FMS administrative budget and include the budget execution plan. For budget purposes, the current matrix of allowable costs has primacy in formulating the budget.

**Civilian Pay and Travel** Funding plans should be based on FMS manpower authorizations or headquarters-approved FMS workload pro-ration methods. Only full-time FMS personnel (individuals who can be identified as full time permanent employees) may be reflected under the “Civilian Full Time Work Years row on the Budget Submission templates (Schedule 2) and the Budget Submission Module on the PBB Web Site.

**Core Functions** The six major areas of work that encompass FMS activities.

Core Function	Definition
<b>Pre-Letter of Request (LOR)</b>	Efforts expended prior to receipt of a LOR, includes responding to inquiries, pre-requirements determination, developing a Total Package Approach (TPA), if required or specifying the mix of FMS and Direct Commercial Sales (DCS) under a hybrid approach.
<b>Case Development</b>	Efforts required to process customer request, gather, develop and integrate price and availability data for preparation of a Letter of Offer and Acceptance (LOA). These efforts continue from receipt of a customer's LOR through case preparation, staffing, and customer acceptance.
<b>Case Execution</b>	Overall coordination to initiate case implementation efforts required to conduct and execute case management, security assistance, team management, technical, logistical, and financial support, and the contractual efforts under acquisition and contracting.
<b>Case Closure</b>	All actions required to perform logistical reconciliation, financial reconciliation, certify line, and case closure.
<b>Other Security Cooperation</b>	All efforts involved in the administration and management of special programs and projects associated with Security Cooperation requirements, particularly, the non-FMS Security Cooperation programs authorized under the Foreign Assistance Act, such as International Military Education and Training (IMET), the Foreign Military Financing (FMF) program, the grant Excess Defense Articles (EDA) program, and Direct Commercial Sales.
<b>Business Sustaining</b>	Efforts required in providing employee supervision, leadership, and guidance including personnel management, workload management, and secretarial support that cannot be traced directly to one of the other five core functions or specific cost objectives.

*Note: For the purpose of budgeting, Other Security Cooperation programs are those activities for which there is no reimbursement from other funding sources.*

## **FY 2002 Budgetary Guidance**

**ADP Projects** Development and/or modernization of security assistance ADP systems are limited to that which is absolutely essential to support critical missions. New developmental effort is not authorized except under the process described in the basic memorandum.

**Emergent Audit Assistance Requirements** The longstanding DSCA policy is that re-occurring audit level of effort or general audit services may not be included in, or funded by, the FMS administrative/LSE budget. However, we do recognize one-time requests for audit if requested by senior management and coordinated with the headquarters level office responsible for authorizing new expenditures from the FMS administrative budget. Such costs of one-time audit management assistance may be paid from FMS administrative funds in a particular fiscal year, with the understanding that those audit costs do not become part of the funded base.

**Logistic Support Expense** Separate Schedule 2s are not required for activities receiving Logistics Support Expense Funds. However, guidance from the OSD Comptroller requires that Logistic Support Expenses continue to be identified in the FMS Admin/LSE budget execution plan. Volume 15, DoD 7000.14-R Sections 706 and 722 identify costs that are properly chargeable to each of the funds and should be used in preparation of budget execution plans. To facilitate the presentation of LSE data, the PBB Budget Submission includes a section for inputting the costs associated with LSE.

**Supply Discrepancy Reports** Authority for the Military Departments to write off FMS SDRs will remain at \$50,000. SDRs valued over \$50,000, will require approval from DSCA prior to processing credits from the FMS administrative/LSE funds.

## FMS Administrative Budget Definitions

**Fixed Costs**. Costs that remain constant as the level of activity fluctuates.

**Incremental Costs**. Costs that fluctuate directly or indirectly with changes in the level of activity. Includes variable costs and semi-variable costs.

**Variable Costs**. Costs that fluctuate directly with changes in the level of activity.

**Semi-Variable Costs**. Those costs that do not fall entirely into either the variable or the fixed category. Semi-variable costs vary with changes in volume but there is no proportional relationship as there is for variable costs.

**Direct Administrative Costs**. An element of cost that can be attributed directly to the planning, program control or execution of the FMS program.

**Indirect Administrative Costs**. An element of cost that cannot be directly attributed to the planning, program control or execution of the FMS program.

**Overhead Costs**. Costs other than direct administrative costs. Synonymous with indirect administrative cost.

**Training Management Costs**. All direct/indirect administrative costs associated with the planning, program control and execution of the FMS training program at Major Command and Departmental Headquarters and specific training agencies such as SATFA-TRADOC, NETSAFA, and AFSAT.

**Part-time Administrative Personnel**. Those personnel, military or civilian who spend only a portion (less than 90%) of their time administering the FMS program. These personnel generally occupy full time authorizations, however the positions would not necessarily be identified as FMS-related on command manpower authorization documents.. **Full time equivalent personnel should be reported as part-time work years.**

**Full Time Administrative Personnel**. Those personnel, military or civilian, who are employed full time (90% or more) specifically for purposes of administering the FMS program. These positions would normally be identified as FMS administrative personnel on manpower authorization documents. Do **not** include full time equivalent personnel

**Program Management (PM) Lines**. The policy on this subject is in the Security Assistance Management Manual, Section 702. Please note that "case management" lines are no longer authorized.

**FMS Administrative Costs**.: Costs relating to the functions of sales negotiations, case implementation, program control, computer programming, accounting and budgeting are appropriate. Costs pertaining to the administration of FMS training cases are allowable only at command headquarters and higher levels.

**Relevant Administrative Costs**. Fixed, or incremental (variable and semi-variable) costs that are pertinent to the administration of the FMS program and are chargeable to the FMS funds obtained from the application of the FMS Administrative Surcharge and Logistic Support Charge.

**Cost Allocation Methods**. Techniques used in a cost accounting system to allocate indirect/overhead costs to individual product units in a rational and systematic manner. Commonly used activity bases that are used for making these allocations are direct labor hours and direct labor dollars. For FMS administrative budget purposes, this term refers to approaches used to allocate appropriate portions of activity costs to the FMS administrative budget.

**Dedicated Security Assistance Activity**. A major military department command or activity whose mission is 100% dedicated to management and implementation of the US Government's Foreign Military Sales program. For budgeting purposes, only the following organizations are considered to be dedicated security assistance activities:

- US Army Security Assistance Center (USASAC)
- US Navy Inventory Control Point (NAVICP) (former NAVILCO function)
- US Air Force Security Assistance Center (AFSAC)
- Defense Institute of Security Assistance Management (DISAM)
- Defense Security Assistance Development Center (DSADC)
- Security Assistance Deputate, Defense Finance and Accounting Service -- Denver

**Budget Year, Current Year, Two Prior Years**. FMS administrative budget execution plans will display budget data for a four-year period. These time periods are commonly referred to as the budget year (BY), current year (CY), prior year (PY) and prior year -1, (PY-1). In the FY 2000/2001-budget execution plan these periods are:

- BY FY 2003 (Initial Estimate)
- CY FY 2002 (revised estimate)
- PY FY 2001 (provide estimated actual data)
- PY -1 FY 2000 (provide actual accounting/manpower data)

## Definitions of Categories of FMS Activity

### Base Operations Support - Detail

The general management and administrative support functions associated with the operation and maintenance of a military installation or activity. BOS includes all indirect overhead support elements and services encompassed in the following functional areas:

- 1. Audio-Visual Services.** Installation, operation, and maintenance of film and equipment exchanges, photographic facilities, and systems. Includes Service-owned television networks, facilities, and equipment systems at Service installations for local use and for contractual services obtained from commercially owned audiovisual facilities furnished for the same purposes.
- 2. Supply Operations .** Provides for the operation of consolidated post/base supply functions. Includes operation of self-service supply centers, clothing sales stores, purchasing and contracting offices, clothing issue points, and POL resale points.
- 3. Maintenance of Material.** Provides for direct and general support of maintenance of troop equipment and Class I and II installation operating equipment when such maintenance is performed by either an installation or satellite support maintenance activity. Includes pre- and post-repair inspection; classification of equipment; custodial and janitorial services relating to the maintenance activity; procurement of capital equipment and fabrication of parts, tools, and equipment for use in the maintenance activity; support maintenance training; and other related activities.
- 4. Transportation Services.** Provides for operation and maintenance of transportation equipment and provision of local transportation. Includes contractual transportation, such as contractual bus service. Also includes transportation expenses local in character.
- 5. Laundry and Dry Cleaning Services.** Provides for operating laundry and dry-cleaning plants and contracting for such services where Service-owned plants are not operated.
- 6. Food Service Program.** Provides for operation and administration of food supply and food preparation facilities; i.e., garrison bread bakeries, dining facilities, central pastry kitchens, and ration processing, and distribution points.
- 7. Personnel Support.** Provides appropriate support to military and civilian personnel including such services as chaplain, information, and other personnel support, the alcohol and drug abuse program, and installation museums, re-enlistment activities.
- 8. Bachelor Housing Furnishings Support.** Provides for the purchase, control, moving, handling, and maintenance and repair of bachelor housing furnishings.

**9. Operation of Utilities.** Provides for expenses for procurement or production and distribution of utilities except communications. Includes expenses for purchased electrical energy; operation of electric generating plants and distribution systems; purchased steam and hot water; operation of heating plants and distribution systems, including fuels; purchased water; operation of wastepplants and systems and sewage and waste systems; operation of air conditioning and refrigeration plants; other purchased utilities and related administration.

**10. Maintenance and Repair of Real Property.** Provides for expenses for the maintenance and repair of real property. Includes applicable expenses incurred by building trades shops, construction units, machine shops, quarries, construction equipment units, solar systems maintenance. Includes design costs directly associated with accomplishing a designated project undertaking. Excludes cost of minor construction.

**11. Minor Construction.** Provides for expenses for the erection, installation, or assembly of a new real property facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing real property facility; or the relocation of a real property facility from one installation to another.

**12. Other Engineering Support.** Covers expenses for provision of miscellaneous real property services, including fire protection, custodial services, pest control, refuse collection and disposal, and snow removal and ice alleviation. Also includes facility rental charges for office floor space and other administrative area.

**13. Administration.** Comprises all activities concerned with Headquarters command and administration of the installation and the administration and operation of separately constituted headquarters; echelons for control of training, or other activities not separately identified elsewhere; and miscellaneous installation-wide services not otherwise specifically identified.

**14. Automation Activities.** Provides for all automation activities in support of base operations, to include base operations computer resources and automated systems and automation security. Excludes automation activities that are in direct support of mission activities such as tactical systems, individual training, supply and maintenance depot operations, personnel costs for personnel who devote half or less of their time to computer resources or automated systems; pre-acquisition analysis; data preparation that does not directly involve the use of data processing machines; report distribution and reproduction; costs for personnel who write computer programs as an intrinsic part of their job who are not data processing personnel; and physical security services.

**15. Installation Restoration.** Provides for expenses incident to the restoration of the natural environment of government-owned properties at DoD installations and the management of the program to accomplish such restoration.

**16. Community and Morale Support Activities.** Provides for the development, staffing, equipping, administering, operating, supervising and promoting of recreation facilities and activities for library, physical and community and skill development activities. Provides for the operation,

maintenance and promotion of an organized program to help alleviate personal and family problems in the military community, including community support services and child support services. Also provides for operation, administration, and maintenance of station funds.

**17. Preservation of Order.** Provides for police services at military installations and other areas, when directed, to maintain order, enforce laws and regulations, control vehicular and pedestrian traffic; protect government property, prevent and investigate crime, apprehension of Service absentees and correction of military offenders.

**Research and development.** All research and development services for approved FMS programs and activities charged to the FMS administrative budget.

**Training.** Headquarters personnel engaged in the management of formal technical training and the professional education of FMS military and civilians - this would not include personnel counted as being reimbursed in FMS tuition rates.

**Supply Operations.** Operation of supply depots and centers, inventory control points, and centralized procurement activities for follow-on logistics support. Exclude Defense Capital Working Fund.

**Maintenance Operations.** Centralized repair, modification, and overhaul of equipment and their components conducted at depots, arsenals, reprocessing facilities, and logistics centers. Exclude Defense Capital Working Fund.

**Logistics Support Operations.** Centralized logistics activities other than supply and maintenance.

**Management Headquarters Other than Training.** Responsible for such functions are general program administration, financial and personnel management, automatic data processing. Exclude International Logistics Centers. Include the total workyears

Separately list by line item from the above category:

FMS legacy system - operation, maintenance

FMS legacy system - development

Defense Security Assistance Management System - all types of effort to support development.

**Support Activities.** Functions, which provide centralized support for multiple missions such as, centralized contracting activities, organizations responsible for administration and supervision of FMS programs and technical assistance teams. Include International Logistics Centers or equivalent.

**Other.** Not otherwise described.

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<p><b>1. Personnel Compensation, Benefits Military</b> (11.7 &amp; 12.2)</p>	<p>None</p>	<p><b>General</b> - In 1990, Congress Enacted Department of Defense Appropriations Act, 1990 PL 101-165, Section 9104 (b) (1), and amended the Arms Export Control Act (Section 9104 (b) (1), to exclude military salaries from the FMS Administrative/LSE Budgets.</p>
<p><b>2. Personnel Compensation Benefits, Civilian</b> (11.1, 11.2, 11.3, 11.5, 11.8, 11.9, 12.1, 13.0 &amp; 42)</p>	<p><b>General - Volume 15, DoD 7000.14-R implements the Arms Export Control Act</b> as it pertains to the FMS Administrative surcharge and Logistics Support Charge (LSC). The manual requires the charging of personnel who spend ten percent (10%) or more of their time performing FMS duties. To qualify for charging to FMS Administrative/LSE funds under the 10% criteria, personnel must be working with the FMS program on a "hands on" basis. This means that they perform duties that are directly related to FMS mission accomplishment, e.g. LOA issuance, requisition processing, procurement, case control, accounting and fund management, etc. Personnel performing general administrative functions that are not directly associated with FMS mission accomplishment are not considered to be "hands on personnel" (example - staffing in civilian personnel office). Generally, personnel will be specifically identified to the FMS functions. However, where formulas or models are used to allocate portions of the total cost of the workforce as FMS administrative costs they must be validated at least once a year by actual identification to the individuals involved.</p> <p><b>Specific</b> - Functions included in the FMS Administrative/LSE budget include: Program management functions, as listed in DoD 5105.38-M, Section 70402.A.2 and identified below, when executed at a level of effort considered routine for the MILDEP/agency :</p> <ol style="list-style-type: none"> <li>1). Establish initial and long range goals and objectives for case execution.</li> <li>2). Prepare a case master plan.</li> <li>3). Develop a financial and logistics management plan</li> <li>4). Approve plans of execution, scope and schedule of work.</li> <li>5). Review and verify funding/program elements.</li> <li>6). Integrate program and logistics financial plan with the execution of the case.</li> <li>7). Initiate requirements.</li> <li>8). Validate that costs are accurate and billed.</li> </ol>	<p><b>Dedicated/Non-Dedicated FMS Activities</b></p> <ol style="list-style-type: none"> <li>1). Unfunded civilian retirement factor (Amendment to the Arms Export Control Act (Section 43 (b) (3))).</li> <li>2). Personnel costs related to Accessorial Functions as cited in Volume 15 DoD 7000.14-R.</li> <li>3). Direct FMS personnel compensation costs which are incurred for specific cases or programs. This will include, but is not limited to:                         <ol style="list-style-type: none"> <li>a). Personnel costs included in the computation of training tuition, Stock Fund or Industrial Fund rates.</li> <li>b). Personnel costs of technical assistance advisory personnel and members of mobile training teams or program task forces.</li> <li>c). Program management costs as defined in the Security Assistance Management Manual, Section 702, "Program Management Lines." Some functions in this category are as follows:                                 <ol style="list-style-type: none"> <li>[1]. Program managers or coordinator of program.</li> <li>[2]. Administrative case management services which demonstrably are executed at a level of effort beyond that generally performed on routine FMS LOAs, due to program acceleration, non-standard procurements, special program tracking or reporting, program reviews or extensive integration.</li> <li>[3]. Configuration management.</li> <li>[4]. System Integration.</li> <li>[5]. Integrated logistics management.</li> <li>[6]. CONUS or overseas program management reviews, i.e., travel in support of a specific case or group of cases supporting a specific program.</li> </ol> </li> </ol> </li> </ol>

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<p><b>Personnel Compensation</b> (continued)</p>	<p>9). Respond to requirements of counterpart managers, functional activities, and other supporting agencies in the resolution of interface or operating problems.</p> <p>10). Initiate, when necessary, working agreements with supporting activities, as appropriate.</p> <p>11). Analyze case performance in relation to required performance specification.</p> <p>12). Maintain a complete chronology history (significant events and decisions).</p> <p>13). Provide status, progress and forecast reports.</p> <p>14). Develop and execute a case closure plan.</p> <p>15). Ensure DIFS and DoD Component case records are in agreement.</p> <p>16). Ensure that records are maintained in accordance with Volume 15, DoD 7000.14-R and the DoD 5105.38-M.</p> <p>17). Ensure that schedules are accurate and timely.</p> <p>18). Planning and Review.</p> <p>19). Price and Availability.</p> <p>20). Preparation of Letters of Offer and Acceptance.</p> <p>21). Case/County management reviews at CONUS DoD activities only, i.e., those reviews which are not specific to one case or group of cases supporting one program.</p> <p>22). Preparation of IL Supply Delivery Plan (ILSDP) or equivalent.</p> <p>23). Update/Revision of the ILSDP or its equivalent.</p> <p>24). Cooperative Logistics Supply Support Arrangements.</p> <p>25). Renegotiations.</p> <p>26). Preparation of reports to FMS customers as required by Volume 15, DoD 7000.14-R or DoD 5105.38-M.</p> <p>27). Preparation and processing of requisitions.</p> <p>28). Preparation of requisition status - MILSTRIP, DoD 4140.17M.</p> <p>29). Processing Supply Discrepancy Reports (SDRs).</p> <p>30). Case Closure and Reconciliation - FMS Admin should be charged when the level of effort is routine, to include those cases subject to accelerated case closure procedures. "Routine" involves normal case management/maintenance, validation and billing of costs, reconciliation of DIFS and DoD component case records, and case closure and reconciliation. This effort is considered routine and, at all times, should be charged to the FMS Admin.</p> <p>31). Administration of Joint Regulation AR 75-1/ OPNAVINST 4900.31G/AFR 400-4.</p> <p>32). Civilian retirement incentive payments for employees who are full time, dedicated, FMS/LSE admin funded personnel, or when the specific vacated FMS manpower space/billet is eliminated (savings to the FMS/LSE program).</p>	<p>[7]. All TDY costs to support program management line functions. Note: Administrative travel expenses, to include salary, which can be identified to the case or cases supported by a program management line also may be charged to the PM line item.</p> <p>[8]. Recurring support costs for government furnished engineering services in accordance with Volume 15, DoD 7000.14-R, para 070408 and SAMM Para 130704C.</p> <p>[9]. Recurring support costs for research, development, testing, and evaluation (RDT&amp;E) or production of major defense equipment (MDE) in accordance with Vol. 15, DoD 7000.14-R para 070305 and SAMM Para 130705D. This includes the costs of any Engineering Change Proposals (ECP) initiated prior to the date of contract with the customer, as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. [Vol. 15, DoD 7000.14-R para 070305D2] See Also para 13 below.</p> <p>d). Asset Use and Contract Administration.</p> <p>e). Personnel costs associated with Technology Transfer determinations, foreign disclosure, munitions control reviews, which are inherent USG functions.</p> <p>f). Personnel costs associated with Stock Funded Operations.</p> <p>4). Civilian retirement incentive payments for employees who are not full time, dedicated, FMS/LSE admin funded personnel or when the specific vacated FMS billet is not eliminated (no savings to the FMS/LSE program).</p> <p>5). All effort in support of Foreign Disclosure. This is a DoD mission to protect the interests of the US Government and is not primarily for the benefit of the foreign customer, as required by Section 43 (b) of the AECA.</p> <p>6). Case closure/reconciliation effort when it is not routine, such as when litigation between governments causes additional and intense level of effort (e.g., Iran litigation), or when the FMS customer has requested efforts beyond the norm.</p>

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<b>3. Travel and Transportation of Persons</b> (21.0)	<p>Per diem and transportation costs incurred by the employees while their salaries are being reimbursed from the FMS Admin/LSE budget (CONUS and OCONUS).</p> <p>SAO support by the Administrative Agent's Field Activity (under Joint Regulation AR 1-75) to SAOs not covered by SAO administrative funds or MILDEP appropriations. Refer to AR 1-75, paras 4-1 to 4-4 for specific guidance of what appropriations to charge. (Joint Regulation AR 1-75, OPNAVINST 4900.31G, AFR) 400-45, Subject: Administrative and Logistical Support of Overseas Security Assistance Organizations (SAOs).</p> <p>Certain in-country FMS reviews (non-program specific) where the effort is beneficial to the FMS customer and to the US Government with the following constraints: the number of US representatives attending will be held to the minimum acceptable, the review should occur no more frequently than every 15 to 18 mos., and FMS Admin funds are available, within the approved budget, for this effort.</p> <p>Costs of pre-LOA site surveys and/or logistics support conferences necessary to delineate customer requirements. If the LOA is subsequently accepted by the customer, FMS Admin will be reimbursed from the program management line. If the LOA is not accepted, FMS Admin bears the charge as the cost of doing business.</p>	<p>TDY costs incurred by employees while their salaries are reimbursed from hardware lines, service lines, case management lines or program management lines must be charged to those lines in accordance with Volume 15, DoD 7000.14-R para 0718. TDY costs of military personnel working on implementation of MAP funded FMS cases, shall be charged to that FMS case, when their pay costs would otherwise be charged to that FMS case except for the prohibition in the Foreign Assistance Act (FAA), Section 503,(a)(3)(3). Such TDY costs should be charged to the same case line items that would ordinarily be charged with the military pay costs.</p> <p>Overseas travel to an in-country review in support of a specific case or program, and/or when the salary of an attendee is paid from a case/program management line, and the review includes a specific case or program.</p>
<b>4. Transportation of Things</b> (22.0)	<p>Transportation costs which are directly related to administration of the FMS program except for transportation costs related to approved SDRs.</p>	<p>Those transportation Accessorial costs which are to be recovered from surcharges as prescribed in Volume 15, DoD 7000.14-R par. 0705. Rates include coverage of the management of the FMS transportation program; such costs are reimbursable from proceeds accruing from application of transportation surcharge. Transportation of items for repair or refurbishment under an approved Supply Discrepancy Report is not chargeable to Administrative/LSE funds but will be funded by the transportation surcharge account.</p>
<b>5. Facility Rental</b> (23.1, 23.2)	<p><b>Dedicated FMS Activities</b> - Inter-Departmental/Agency space rental charges which are specifically incurred to support the accomplishment of FMS mission functions.</p>	<p><b>Dedicated/Non-Dedicated FMS Activities</b> - Intra-Departmental/Agency space rental charges.  <b>Non-Dedicated FMS Activities</b> - Intra and Inter-Departmental/Agency space rental charges which are fixed in nature and allocated through proration.</p>
<b>6. Communications, Utilities and Miscellaneous Charges</b> (23.3)	<p><b>Dedicated FMS Activities</b> - Applicable charges which are specifically incurred to support the administration of the FMS program. Charges include ADP communications services and rentals, Utilities Services, and Miscellaneous rental charges.</p>	<p><b>Non-Dedicated FMS Activities</b> - All costs which are not incurred primarily for the benefit of the FMS program.</p>
<b>7. Printing and Reproduction</b> (24)	<p>Documented costs of printing <b>FMS</b> reports. Charges incurred for printing/reproduction services (does not include rental charges for office photo copy equipment).</p>	<p><b>Non-Dedicated FMS Activities</b> - All costs which are not incurred primarily for the benefit of the FMS program.</p>
<b>8 Consulting and Other Services</b>	<p>Documented costs for contracts let for the purpose of administering the FMS</p>	<p><b>Non-Dedicated FMS Activities</b> - All costs which are not incurred primarily</p>

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
- Consulting Services (25.1) - Other Services (25.2) - Purchased Services ADP (25.2A) - Purchase of goods and services from Government accounts (25.3)	program. Include preparation of custom software only if cost is less than \$25,000. Charges must be specific in nature and should be documented by appropriate contractual records.	for the benefit of the FMS program.
<b>8a. Base Operations Support</b> (25.4) See "Definitions FMS Administrative Budget Call" for list and description of functions included in BOS. <b>BOS</b> (continued)  <b>Facilities</b> Projects/Upgrades, Purchase of Land, buildings and additions to buildings.	BOS may be charged to the Administrative/LSE budget if incurred at fully dedicated activities (USASAC, AFMC/AFSAC , DISAM) when not based on pro-ration or other allocation methods for distributing "burden."  Justification of costs for Transportation Services, Preservation of Order and Personnel Support must be based on criteria other than pro-ration or allocation techniques. Rather it must be demonstrated that costs incurred, i.e. additional vehicles, mileage driven, drivers, security guards, etc. are specifically required to support FMS activity. Also, minor construction in excess of \$1,000 requires separate DSCA approval before inclusion in budget.  Facility rehabilitation/upgrade projects at dedicated security assistance activities are subject to strict justification requirements. These projects must be specifically identified and justified in the budget process. Prior approval from DSCA must be received before any funds can be obligated.	Section 21(e)(1)(A) of the Arms Export Control Act excludes any pro rata share of fixed BOS costs from the charges which may be paid by the FMS Administrative/LSE Budget. Accordingly, all BOS costs developed by pro-ration or other similar cost allocation techniques are to be excluded. All BOS costs in the following functional areas are to be excluded unless it can be clearly demonstrated that the additive costs are incurred primarily for the benefit of the FMS customer.  Projects involving construction of new facilities or expansion of existing facilities that would normally require Congressional approval in the military construction budget process, will not be included in this budget.
<b>8b. Training for Security Assistance Personnel</b> (25.5)  <b>Training</b> (continued)	FMS Administrative funds may be used for training individual personnel who spend 50% or more of their time performing "hands-on" FMS related work.  Only courses that provide job related skills and training will be approved within this category e.g., ADP training courses (Word Processing, Spreadsheets, Data Base, management/ supervisory training, etc.	<b>Kinds of training not approved for payment:</b> 1). Those types of training provided by DISAM such as international relations, history overviews, and cross cultural communications. 2). DoD/MILDEP training exercises in support of a foreign country FMS case exercise. 3). Language Training. 4). General training - including drug training, and alcohol abuse or equal opportunity training. 5). General morale/welfare training programs such as recreational, medical (first aid/CPR) community and physical fitness training. 6) Non-Security Assistance related professional seminars and conferences.

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<p><b>9. Supplies (26)</b> Commodities that are normally consumed or expended within one year after they are put to use</p>	<p><b>Dedicated FMS Activities</b> - All supply costs.</p> <p><b>Non-Dedicated FMS Activities</b> - Those supply costs which are attributable to FMS man-years.</p>	<p><b>Non-Dedicated FMS Activities</b> - Those supply costs attributable to non-FMS personnel.</p>
<p><b>10. Equipment</b> a. <b>Non-ADP Equipment (31.1)</b> - Charges for acquisition of equipment of a durable nature that is expected to have a period of service of a year or more <b>Equipment</b> (continued)</p> <p>b. <b>ADP Equipment (31.2)</b> - Charges for procurement of ADP and telecommunications equipment, and custom software over \$25,000 including all contractual costs related to the design and development of ADP software and equipment.</p>	<p><b>Dedicated FMS Activities</b> - All equipment purchases.</p> <p><b>Non-Dedicated FMS Activities</b> - Those purchases which are made solely in support of FMS mission performance. (Example - purchase of a specific machine required primarily for utilization by the Security Assistance section of an organization). These charges may not be determined through pro-ration techniques involving manpower or other relationships.</p> <p><b>Dedicated FMS Activities</b> - All procurement costs (except US Government (USG) personnel compensation) for ADP systems which are dedicated to support of the FMS program (dedicated FMS systems).</p>	<p><b>Non-Dedicated FMS Activities</b> - All equipment purchase costs which are not incurred primarily for the benefit of the FMS program.</p> <p><b>Non-Dedicated FMS Activities</b> - All ADP equipment costs which are not incurred primarily for the benefit of the FMS program.</p>

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<p><b>11. Supply Discrepancy Report (SDR) General</b> - Legislative requirements dictate that the USG conduct the FMS program on a break-even (no cost no profit) basis. This principle must be applied in determining whether USG or FMS Administrative/LSE funds will absorb the cost of a particular Supply Discrepancy Report (SDR) transaction. If the USG will benefit from the transaction then it has the responsibility to correct the discrepancy (to the extent of the benefit accrued or to be accrued) from appropriated funds or by issue from Service stocks without additional charge. On the other hand, to the extent that the USG will incur a loss on a particular transaction, that loss should be absorbed by appropriate FMS surcharge/LSE funds. Additionally, SDR's valued in excess of \$50,000 require DSCA concurrence prior to final write off. Formerly, approval for SDR's in excess of \$10,000 was required.</p> <p><b>SDRs (continued)</b></p> <p><b>Stock Items</b> - The net cost to DoD of processing SDR's for items shipped from DoD stocks. Also costs for travel and per diem of rework teams when this is the least costly way to correct deficiencies associated with defective, deficient or damaged material.</p> <p><b>Procurement Items</b> - Not applicable except in cases where US action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor/carrier.</p>	<p><b>Stock Items</b> - SDR's involving defective, deficient, damaged, non-receipted, short shipped, overage or duplicate billed material will not be corrected utilizing FMS funds except for travel and per diem charges for rework team to correct the situation. Out of pocket costs for packing, crating and handling (PCH) if claimed, will be paid from FMS PCH funds. Transportation costs will be charged to the FMS transportation surcharge account. See paragraph 4 above.</p> <p><b>Procurement Items</b> - The resolution of deficiencies associated with FMS materiel obtained through procurement is generally a matter for resolution between the customer country and the manufacturer or carrier and FMS funds will not generally be utilized to defray these expenses.</p>	
<p><u>Other Cost Elements</u></p> <p><b>12. Stock Fund Operations</b></p>	<p>Costs associated with Stock Fund operations which are not included in standard stock fund pricing. Specific case management costs (not chargeable to individual FMS cases) may be included in the FMS Administrative Expense Budget.</p>	<p>All costs which can be recovered under standard Stock Fund pricing computation in accordance with DMRD 901, Reducing Supply Systems Costs and DMRD 904, Stock Funding of Reparables.</p>
<p><b>13. Engineering Change Proposals (ECPs)</b></p>	<p>Engineering Change Proposals (ECP) that require a dedicated development team of government and/or contract personnel are not authorized under the FMS Admin/LSE program. Functions include, but are not limited to:</p> <ol style="list-style-type: none"> <li>1). Software Engineering.</li> <li>2). Logistics Engineering.</li> <li>3). Test Engineering.</li> <li>4). Configuration Control Management (e.g., MSS/CAMPAL).</li> </ol> <p>These engineering services are for the development of a specific product for the foreign customer(s) and are not to be considered general and administrative management of FMS.</p>	<p>Engineering Change Proposals (ECP) that require a dedicated development team of government and/or contract personnel are not authorized under the FMS Admin/LSE program. Functions include, but are not limited to:</p> <ol style="list-style-type: none"> <li>1). Software Engineering.</li> <li>2). Logistics Engineering.</li> <li>3). Test Engineering.</li> <li>4). Configuration Control Management (e.g., MSS/CAMPAL).</li> </ol> <p>These engineering services are for the development of a specific product for the foreign customer(s) and are not to be considered general and administrative management of FMS.</p>
<p><b>14. NATO and other Standardization</b></p>	<p>All administrative costs incurred on FMS cases/programs that are related to</p>	<p>1). NATO E3A Cooperative Program (AWACS) as cited in Section 104(a), Public</p>

## FMS Administrative/Logistics Support Expense Budget Execution Plan Specific Costs to be Included/Excluded

Cost Element/ Object Class	Portion Included in FMS Administrative/LSE Budget	Portion Excluded from the FMS Administrative/LSE Budget
<b>Costs</b>	execution of NATO and other standardization agreements will be included in the FMS Administrative budget in accordance with para. 070605, Volume 15, DoD 7000.14-R.	Law 96-107 (previously approved for FMS Funding). 2). All training cases for NATO countries entered into after 8 August 1985, per PL 99-83, which exempts such cases from the administrative surcharge (previously approved for FMS funding).
<b>15. Administrative costs associated with exempted cases/programs.</b>	FMS cases/programs with some countries and international organizations have been exempted from the application of FMS administrative charges. The administrative costs related to these cases will be included in the budget request pursuant to Volume 15, DoD 7000.14-R. Included among these costs are NATO Cooperative R&D and family of weapons projects as defined in Section 27, AECA, for which a waiver of administrative charges is specifically granted.	

## Price Escalation and Payroll Acceleration Factors

### A. Price Escalation Factors \*

<u>Fiscal Year</u>	<u>Non-Pay Items</u>	<u>Civilian Pay Raise</u>
2002	1.6	3.7
2003	1.8	3.2

\* Source – DoD Comptroller Internet Web site, <http://www.dtic.mil/comptroller/fy 2001 budget/>, “Greenbook, “ National Defense Budget Estimates for FY 2001, Pay and Inflation Rate Assumptions - Budget Authority”

## **Civilian Personnel Fringe Benefit Fiscal Year 2001**

Civilian personnel fringe benefit rates should be applied to civilian labor costs incurred in support of reimbursable orders, as appropriate. These rates should be used when billing other DoD Components, Federal Agencies, and Private parties under the requirements of Chapter 6, Volume 11A, "Reimbursable Operations Policy and Procedures," of the DoD Financial Management Regulation (DoD 7000.14-R). Billing to the Foreign Military Sales (FMS) Administrative Fee Budget and to FMS cases are to be processed under the provisions of Chapter 7, Volume 5, "Security Assistance Policy and Procedures," of the DoD Financial Management Regulation (DoD 7000.14-R).

The FY 2001 Civilian personnel fringe benefit rates, which are effective October 1, 2000, should be used for the purpose of calculating the FY02 budgets.

### BILLINGS TO OTHER DOD COMPONENTS AND FED AGENCIES 1/

ARMY	24.5 %
NAVY	25.0%
MARINE CORPS	28.9%
AIR FORCE	23.6%

Notes:

1/ These rates also shall be used for billings to the FMS Administrative Surcharge Account.

\* Source – DoD Comptroller Internet Web site, <http://www.dtic.mil/comptroller/rates/>, Reimbursable Rates, Civilian Personnel Fringe Benefit