DOD 7000.14-R

DEPARTMENT OF DEFENSE

FINANCIAL MANAGEMENT REGULATION

VOLUME 2B

BUDGET FORMULATION AND PRESENTATION

JUNE 2000

20000922 013

UNDER SECRETARY OF DEFENSE (COMPTROLLER)

DTIC QUALITY INSPECTED 4

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

AQI00-12-3904

CHAPTER 4
PROCUREMENT APPROPRIATIONS
Table of Contents

0401 GENERAL 1
040101 Purpose 1
040102 Submission Requirements. 1
040103 Not Used 1
040104 Guard and Reserve Procurement 1
040105 Subsystem Budget Estimates 1
040106 References 1
0402 PROCUREMENT EXHIBIT REQUIREMENTS 2
0403 BUDGET ESTIMATE SUBMISSION 3
0404 CONGRESSIONAL JUSTIFICATION/PRESENTATION 7
040401 Purpose 7
040402 Organization of Justification Books 7
040403 Classification 9
040404 Comparison Reports 9
0405 PROCUREMENT APPROPRIATION SUBMISSION FORMATS 10
040501 Purpose. 10
040502 Exhibits in Support of Section 0401 - General 11

CHAPTER 4

★June 2000

PROCUREMENT APPROPRIATIONS

0401 GENERAL

040101 Purpose

This chapter provides instructions applicable to budget formulation and congressional justification for procurement and production activities.

040102 Submission Requirements.

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 4 covers specific back-up material requirements for procurement accounts. The procurement accounts should also submit applicable exhibits required by other chapters in the FMR.

040103 Not Used

040104 Guard and Reserve Procurement

Exhibit P-1R, Procurement Program - Reserve Components. A separate P-1R exhibit showing quantities and costs of procurement items planned for the National Guard and Reserve will be prepared with the budget estimate submission and with the President's budget submission. The P-1R exhibit is a subset of the Exhibit P-1, Procurement Program. The format is contained in Section 040502. Each Service will provide exhibits in spreadsheet format in both a hard copy and on a 3 1/2 inch floppy disk. The information submitted in the budget estimate submission will be reviewed in conjunction with the procurement appropriation reviews. OUSD(C) will consolidate the information into a single P-1R exhibit for the President's budget.

040105 Subsystem Budget Estimates

Any platform that includes funding for subsystems that are designated as Defense Acquisition Executive Summary (DAES) or Selected Acquisition Reporting (SAR) programs must identify the specific subsystem funding by fiscal year and by subsystem on the P-5 exhibits.

040106 References

Chapter 1, Section 0102, provides policies and definitions concerning costs that are to be financed by the procurement appropriations.

0402 PROCUREMENT EXHIBIT REQUIREMENTS

SUMMARY OF EXHIBIT REQUIREMENTS

	Exhibit	Appropriation
P-1	Procurement Program	All
P-1C	Procurement Program - Comparison Report	All
P-1M	Procurement Program- Modification Summary	Aircraft/Missiles
P-1R	Procurement Program-Reserve Components	All, except SCN
P-3a	Individual Modification Program	All, except SCN
P-5	Cost Analysis	All
P-5a	Procurement History and Planning	All, except SCN
P-5b	Analysis of Cost Estimates-Basic/Escalation	SCN
P-8a	Analysis of Ship Cost Estimates - Major Equipment	SCN
P-10	Advance Procurement Analysis	All, as applicable
P-17	Layaway and/or Distribution	All, as applicable
P-18	Initial and Replenishment Spares Requirements	All, except SCN
P-20	Requirements Study	All, as applicable
P-21	Production Schedule	All
P-21a	Production Schedule, All Types	PAA
P-22	Ammunition Inventory	Ammunition Accounts
P-23	Time Phased Requirements Schedule	All, as applicable
P-23a	Installations Data	All, as applicable
P-25	Production Support & Industrial Facilities Cost Analysis	All, as applicable
P-26	Maintenance of Inactive Facilities	PAA & as applicable
P-27	SCN Ship Production Schedule	SCN
P-29	SCN Outfitting Costs	SCN
P-29a	SCN Outfitting Costs-Comparison	SCN
P-30	SCN Post Delivery Costs	SCN
P-30a	SCN Post Delivery Costs-Comparison	SCN
P-32	Procurement Purchases from DWCF	All
P-35	Major Ship Component Fact Sheet	SCN
P-36	Depot Level Ship Maintenance Schedule	OPN
P-40	Budget Item Justification Sheet	All
P-40a	Budget Item Justification for Aggregated Items	All
P-45	Summary of Reimbursables	All, as applicable
MYP-1	Multiyear Procurement Criteria	All, as applicable
MYP-2	Total Program Funding Plan	All, as applicable
MYP-3	Contract Funding Plan	All, as applicable
MYP-4	Present Value Analysis	All, as applicable

0403 BUDGET ESTIMATE SUBMISSION

A. This Section provides guidance for the preparation of material to support the budget estimate submission and President's budget request. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

B. Each backup book will include an Exhibit P-1, Procurement Program, specific exhibits for those items covered by the backup book, and a listing of acronyms and definitions in the front of each back-up book to preclude spelling the acronyms on each exhibit page.

C. All applicable budget exhibits will be prepared for those programs with a funding value of $5 million or greater. For programs with a funding value less than $5 million, only the P-40 and P-40a exhibits are required.

D. All Exhibits P-20, Requirements Study, can be submitted in a separate backup book. The P-20 exhibits can also be consolidated by appropriation or as a single back-up book by each Service. If consolidated by Service, however, increase the number of copies provided to OUSD(C) P/B Investment by the number of appropriations included in the backup book.

E. Exhibits will display the actual fiscal years (i.e., PYs, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004.) rather than the template entries (i.e., PYs, PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4).

F. If an amended budget is submitted, identify the revised budget exhibits accordingly.

G. All pages will be annotated with the applicable P-1 line item number and page number within the line item (Item 1-1 of 5, 1-2 of 5, 2-1 of 1, 3-1 of 20, etc.) at the bottom center or bottom right of each exhibit page. Be consistent for all pages of the backup book.

H. The exhibits will be aggregated in the following order for each P-1 line item, as applicable to that line item and submitted in P-1 line item order.

Arrangement of Exhibits - General

P-1	Procurement Program
P-1C	Procurement Program - Comparison Report
P-40	Budget Item Justification
P-40a	Budget Item Just for Aggregated Items
MYP 1-4	Multiyear Procurement Analysis
P-10	Advance Procurement Analysis
P-5	Cost Analysis
P-5a	Procurement History and Planning
P-21	Production Schedule
P-23	Time Phased Requirements Schedule
P-23a	Installations Data
P-36	Depot Level Ship Maintenance Schedule (OPN only)
P-25	Production Support and Industrial Facilities Cost Analysis
P-17	Layaway and/or Distribution
P-18	Initial and Replenishment Spares Requirements
P-32	Procurement Purchases from DWCF
P-45	Summary of Reimbursables
P-20	Requirements Study

Arrangement of Exhibits for Modifications

P-1	Procurement Program
P-1M	Modification Summary
P-40	Budget Item Justification
MYP 1-4	Multiyear Procurement Analysis
P-3a	Individual Modification Program
P-40a	Budget Item Just for Aggregated Items
P-32	Procurement Purchases from DWCF

Arrangement for Ship Procurement Accounts

P-1	Procurement Program
P-1C	Procurement Program - Comparison Report
P-40	Budget Item Justification
MYP 1-4	Multiyear Procurement Analysis
P-10	Advance Procurement Analysis
P-5	Cost Analysis
P-5b	Analysis of Cost Estimate-Basic/Escalation
P-27	Ship Production Schedule
P-8a	Analysis of Ship Cost Estimates - Major Equipment
P-29	Outfitting Costs
P-30	Post Delivery Estimates
P-35	Major Ship Component Fact Sheet
P-45	Summary of Reimbursables
P-32	Procurement Purchases from DWCF

Arrangement for Ammunition Accounts

P-1	Procurement Program
P-1C	Procurement Program - Comparison Report
P-40	Budget Item Justification
P-40a	Budget Item Just for Aggregated Items
P-5	Cost Analysis
P-5a	Procurement History and Planning
P-21	Production Schedule
P-21a	Production Schedule, All types
MYP 1-4	Multiyear Procurement Analysis
P-25	Production Support and Industrial Facilities Cost Analysis
P-17	Layaway and/or Distribution
P-26	Maintenance of Inactive Facilities
P-22	Ammunition Inventory
P-18	Initial and Replenishment Spares Requirements
P-32	Procurement Purchases from DWCF
P-45	Summary of Reimbursables
P-20	Requirements Study

For ammunition "Items Under $5 Million" P-1 line items, only the P-40 and P-40a, showing both quantity and funding for each item, will be included in the backup book. Even though individual P-21 exhibits are not required for these items, their deliveries should be included in the Exhibit P-21a.

Chemical Agents and Munitions Destruction

The Chemical Agents and Munitions Destruction, Defense appropriation contains multiple types of funds (RDT&E, procurement, and O&M) in separate budget activities. While the RDT&E and O&M efforts may be incrementally funded, the procurement program must comply with the full funding policy. The Army is to provide the justification book in accordance with the following.

Table of Contents
Appropriation Language
Program and Financing
Object Classification
Appropriation Justification
Part I Purpose and Scope
Part II Justification of Funds Required
Part III Program Description and Milestone Chart

Budget Activity 1: Research and Development
Part I Purpose and Scope
Part II Justification of Funds Required
Part III Financial Summary
RDT&E RDT&E Exhibits (See Chapter 5)

Budget Activity 2: Procurement
Part I Purpose and Scope
Part II Justification of Funds Required
Part III Financial Summary
P-40 Budget Item Justification
P-5 Cost Analysis
P-5a Procurement History & Planning

Budget Activity 3: Operation and Maintenance
Part I Purpose and Scope
Part II Justification of Funds Required
Part III Financial Summary
OP-5 (Pt 1) Decision Unit/Budget Activity Summary (See Chapter 3)
OP-5 (Pt 2) Activity Group Detail, Including a Reconciliation of Increases and Decreases (See Chapter 3)
OP-32 Summary of Price and Program Changes (See Chapter 3)

C. Preparation of Material. Formats and examples of the exhibits are contained in Section 0404. Except for the items listed below, instructions are included either on the exhibit or following the exhibit.

1. Repricing Report. One copy of the "Ship Cost Adjustment Report" must be submitted by 1 July. The report must include the following information:

a. A comparison of the previously approved SCA position to the recommended SCA position, by ship type (end cost/subhead) by P-5 category. In addition to individual program adjustments, this comparison should be summarized by total TOA adjustments in each fiscal year.

b. The SCA position by ship type by P-5 category with associated accounting data, i.e., gross obligations and expenditures.

c. A listing of all transfers, both below threshold and those requiring congressional approval (DD 1415s) for the current and expired years.

d. All adjustments within a cost growth or escalation line by ship program.

e. Latest delivery date information and percentage of physical completion of all undelivered ships.

f. Amount of required extended obligation authority for the expiring program year by line item and the associated Obligation Work Limiting Date by ship hull.

g. A list of all major shore spares and characteristic changes, and associated costs, included in the SCA.

h. A report on basic construction costs estimated at completion (EAC) by individual contract for all ships still within the SCN envelope. This report should compare the current contract status to the Navy's SCA projection as well as the contractor's estimate. This report should be submitted on July 1 and quarterly thereafter.

2. A 4-column ship list and Derivation of Cost Growth/Escalation exhibit will be provided with each budget submission.

3. For each ship basic construction award during the current program period, contract award information referred to as the "Stevens Report" must be submitted to OSD at the same time the report is forwarded to Congress.

0404 CONGRESSIONAL JUSTIFICATION/PRESENTATION

040401 Purpose

This Section presents the backup book organization and the exhibit requirements for submission to Congress. Examples of budget exhibits can be found in Section 040502. See Chapter 1, Section 0104 for specific printing requirements.

040402 Organization of Justification Books

Justification material will be organized into a Committee Staff Procurement Backup Book. Section 010403 provides a detailed distribution schedule for the procurement backup books. A separate congressional committee backup book will be prepared for the President's budget request for each procurement appropriation. These books should assembled with the following:

Committee Staff Procurement Backup Book
FY 20BY1/BY2 Budget Request
_____Appropriation

Section 1 - Summary Material
Table of Contents
P-1 listing (P-1 Exhibits will be prepared using the OUSD(C) automated system with input from the Services and Defense Agencies)

Section 2 - Budget Appendix Extract Language

Section 3 - Status of Completion of Prior Year Shipbuilding Program (if applicable). Provide a list of uncompleted ships as of Dec 31, 20PY. The first column should segregate the uncompleted ships by prior years, past years, and current year. The second and subsequent columns should identify the fiscal year in which the ships are to be completed.

Section 4 - P-1 Line Item Detail. Except for specific changes addressed below, these books will contain the budget exhibits as specified in Section 040502, for all procurement line items for which a budget request of $5 million or greater is reflected in either of the two biennial budget years on the P-1 exhibit. For programs with a funding value less than $5 million, only the P-40 and P-40a exhibits are required. For current and past year programs, exhibits will be prepared for programs with a dollar value of $5 million or more in either year. The exhibits will be aggregated in the following order for each P-1 line item, as applicable to that line item and submitted in P-1 line item order.

Arrangement of Exhibits - General

P-1	Procurement Program
P-40	Budget Item Justification
P-40a	Budget Item Just for Aggregated Items
MYP 1-4	Multiyear Procurement Analysis
P-10	Advance Procurement Analysis
P-5	Cost Analysis
P-5a	Procurement History and Planning
P-21	Production Schedule (for ACAT I programs only)
P-25	Production Support and Industrial Facilities Cost Analysis
P-17	Layaway and/or Distribution
P-18	Initial and Replenishment Spares Requirements
P-45	Summary of Reimbursables

Arrangement of Exhibits for Modifications

P-1	Procurement Program
P-1M	Modification Summary
P-40	Budget Item Justification
MYP 1-4	Multiyear Procurement Analysis
P-3a	Individual Modification Program
P-40a	Budget Item Just for Aggregated Items

Arrangement for Ship Procurement Accounts

P-1	Procurement Program
P-40	Budget Item Justification
MYP 1-4	Multiyear Procurement Analysis
P-10	Advance Procurement Analysis
P-5	Cost Analysis
P-5b	Analysis of Cost Estimate-Basic/Escalation
P-27	Ship Production Schedule
P-8a	Analysis of Ship Cost Estimates - Major Equipment
P-29	Outfitting Costs
P-30	Post Delivery Estimates
P-35	Major Ship Component Fact Sheet
P-45	Summary of Reimbursables

Arrangement for Ammunition Accounts

P-1	Procurement Program
P-40	Budget Item Justification
P-40a	Budget Item Just for Aggregated Items
P-5	Cost Analysis
P-5a	Procurement History and Planning
MYP 1-4	Multiyear Procurement Analysis
P-25	Production Support and Industrial Facilities Cost Analysis
P-45	Summary of Reimbursables

Chemical Agents and Munitions Destruction

The Chemical Agents and Munitions Destruction, Defense appropriation contains multiple types of funds (RDT&E, procurement, and O&M) in separate budget activities. While the RDT&E and O&M efforts may be incrementally funded, the procurement program must comply with the full funding policy. The Army is to provide the justification book in accordance with the following.

Table of Contents
Appropriation Language
Program and Financing
Object Classification
Appropriation Justification

Part I	Purpose and Scope
Part II	Justification of Funds Required
Part III	Program Description and Milestone Chart

Budget Activity 1: Research and Development

Part I	Purpose and Scope
Part II	Justification of Funds Required
Part III	Financial Summary
RDT&E	RDT&E Exhibits (See Chapter 5)

Budget Activity 2: Procurement

Part I	Purpose and Scope
Part II	Justification of Funds Required
Part III	Financial Summary
P-40	Budget Item Justification
P-5	Cost Analysis
P-5a	Procurement History & Planning

Budget Activity 3: Operation and Maintenance

Part I	Purpose and Scope
Part II	Justification of Funds Required
Part III	Financial Summary
OP-5 (Pt 1)	Decision Unit/Budget Activity Summary (See Chapter 3)
OP-5 (Pt 2)	Activity Group Detail, Including a Reconciliation of Increases and Decreases (See Chapter 3)
OP-32	Summary of Price and Program Changes (See Chapter 3)

Section 5 - Military Construction. This section will be prepared for military construction projects (DD Form 1391) funded in the procurement appropriations.

040403 Classification

The budget justification material should be unclassified. All classified material should be submitted separately.

040404 Comparison Reports

A. Each Component will provide 3 copies of a computer run that compares the current President's budget submission to the previous President's budget submission and identifies the changes for each Procurement appropriation by P-1 line item and for those items that are aggregated in a P-1 line item (such as "Items Less than $5.0 Million). The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. The totals for the appropriation and budget activities should also compare the current President's budget submission to the previous President's budget and provide the applicable changes. The comparison reports should be provided directly to OUSD(C), Director for Investment, Room 4B915, when the Component has finalized the current President's budget submission but no later than when the justification material receives final approval from the OUSD(C) for submission to the Congress. This report will not be included in the justification material provided to the Congress.

0405 PROCUREMENT APPROPRIATION SUBMISSION FORMATS

040501 Purpose.

A. The formats provided on the following pages reflect guidance presented in previous sections of this chapter.

B. Budget exhibits contained in this section will be prepared for all procurement line items for which a budget request of $5 million or greater is reflected in either of the two biennial budget years on the P-1 exhibit. For programs with a funding value less than $5 million, only the P-40 and P-40a exhibits are required.

C. Service-generated and Defense Agency-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the following exhibits.

D. All formats will be prepared on 8 1/2 inch by 11 inch paper in landscape format.

E. Except for paragraph C above and unless modified in a submission budget call, these exhibits should be adhered to.

040502 Exhibits in Support of Section 0401 - General

P-1, Procurement Program 12
P-1M, Procurement Program - Modification Summary 13
P-1R, Procurement Program- Reserve Components 14
P-1C, Procurement Program - Comparison Report 17
P-3a, Individual Modification 18
P-5, Cost Analysis 22
P-5a, Procurement History and Planning 30
P-5b, Analysis of Ship Cost Estimate - Basic/Escalation 34
P-8a, Analysis of Ship Cost Estimate - Major Equipment 35
P-10, Advance Procurement Requirements Analysis 36
P-17, Layaway and/or Distribution 44
P-18, Initial and Replenishment Spares and Repair Parts Justification 46
P-20, Requirements Study 48
P-21, Production Schedule 51
P-21a, Production Schedule, All Types 53
P-22, Ammunition Inventory 54
P-23, Time Phased Requirements Schedule 56
P-23a, Installation Data 57
P-25, Production Support and Industrial Facilities Cost Analysis 60
P-26, Maintenance of Inactive Facilities 62
P-27, SCN - Ship Production Schedule 64
P-29, SCN Outfitting Costs 65
P-29a, SCN Outfitting Costs-Comparison 66
P-30, SCN Post Delivery Costs 67
P-30a, SCN Post Delivery Costs-Comparison 68
P-32, Procurement Purchases from DWCF 69
P-35, Major Ship Component Fact Sheet 72
P-36, Depot Level Ship Maintenance Schedule 74
P-40, Budget Item Justification 75
P-40a, Budget Item Justification for Aggregated Items 78
P-45, Summary of Reimbursables 80
MYP-1, Multiyear Procurement Criteria 82
MYP-2, Total Program Funding Plan 84
MYP-3, Contract Funding Plan 85
MYP-4, Present Value Analysis 86

Exhibit P-1, Procurement Program

Department of the _____

Appropriation: _____ **Date: _____**

Budget Activity: _____

					TOA, $ in Millions					
P-1 Line	Item	Ident	Past Year		Current Year		Budget Year 1		Budget Year 2	
Item No	Nomenclature	Code	Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Exhibit P-1M, Procurement Programs - Modification Summary
(TOA, $ in Millions)

System/ Modification EXAMPLE:	Prior Years	PY-1	PY	CY	BY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total Program
A-10 Modifications													
AIM-9L Capability							2.3	16.6	9.1				28.0
Chem/Bio Protection							-	-	2.0	3.3			5.3
Outer Wing Fatigue Reskin						0.6	2.5	2.8	2.9				8.8
Integrated Drive Generator							-	1.2	4.8	5.3			11.3
ALE-40 Correction of Def						-	2.7	3.7	4.2				10.6
Engine Monitoring Sys							32.7	26.5	26.8	29.2			115.2
Skin & Lgnrn Strengthening						-	-	0.6	1.7			2.3	
Total for A-10							35.6	48.3	46.1	46.1	5.3		181.4
S-3 Modifications													
AIM-9L Capability						-	2.3	16.6	9.1				28.0
Chem/Bio Protection						-	-	2.0	3.3				5.3
Total for S-3						-	2.3	18.6	12.4				33.3

Exhibit P-1M, Procurement Program - Modification Summary

(Exhibit P-1, page 2 of 6)

Exhibit P-1R Procurement Program - Reserve Components

Department of the _____

Appropriation: _____ **Date: _____**

Budget Activity: _____

TOA, $ in Millions

P-1 Line Item No	Item Nomenclature	Ident Code	Past Year Qty	Past Year Cost	Current Year Qty	Current Year Cost	Budget Year 1 Qty	Budget Year 1 Cost	Budget Year 2 Qty	Budget Year 2 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	F-16 Modifications National Guard Reserve									

Instructions
Exhibit P-1, Procurement Program
Exhibit P-1C, Procurement Program - Comparison
Exhibit P-1M, Procurement Program - Modification Summary
Exhibit P-1R, Procurement Program - Reserve Components

I. General

A. A summary by budget project/activity will be prepared for each appropriation, showing the amount for each project/activity and the total program for each appropriation. The detail of the consolidated line items in this entry should be available upon request. There should be no consolidation into a "Less than $5.0 million" line item for any line item requiring specific quantity authorization and for any Code B item.

B. Unless otherwise prescribed for a specific commodity area, only procurement line items with funding of $5.0 million or more will be listed individually. An item should be separately listed if funding of more than $5.0 million is included in any past or current year. Items less than $5.0 million should be consolidated into a single line item entry, "Items less than $5.0 million," under each budget activity.

C. Advance Procurement. Advance procurement should be debited and credited according to the leadtimes of the advance procurement. For instance, if FY 1996 and FY 1997 advance procurement funds are required for an FY 1998 procurement, the FY 1996 AP funds would be debited in FY 1996, the FY 1997 AP funds would be debited in FY 1997, and the total of the FY 1996 and FY 1997 AP funds would be credited in FY 1998.

Advance Procurement

FY TOA	**FY 1996**	**FY 1997**	**FY 1998**	**FY 1999**	**FY 2000**
FY 1996 for FY 1998 (memo)	0.4				
FY 1997 for FY 1998 (memo)		0.4			
FY 1997 for FY 1999 (memo)		0.4			
FY 1998 (memo)			-0.8		
FY 1998 for FY 1999 (memo)			0.4		
FY 1998 for FY 2000 (memo)			0.4		
FY 1999 (memo)				-0.8	
FY 1999 for FY 2000 (memo)				0.4	
FY 1999 for FY 2001 (memo)				0.4	

D. List each aircraft and missile type and model separately, for both new procurement and modifications. Each ship type, Outfitting, Post Delivery, Cost Growth, Escalation, Service Craft, and Landing Craft will be listed as separate line items.

E. Include initial and replenishment spares financed in procurement appropriations in a single line item. Indicate the amounts included for initial and replenishment spares separately as subentries. For this purpose, all spare aircraft engines shall be considered initial spares.

F. All line items will be double spaced.

G. Costs will be expressed in millions of dollars using one decimal place, i.e.:
($ in millions)
15.6

Exhibit P-1 Instructions (Continued)

H. List the following Support Equipment and Facilities as separate line items:

Common Ground Equipment
Industrial Facilities
War Consumables
Other Production Charges
Classified Projects
Production Base Support
Space Programs (list separately)
Astronautics

I. Specific instructions.

Appropriation. Include the title and number of the appropriation, i.e., 2034A, Procurement of Ammunition, Army.

Budget Activity. Include the number and title of the budget activity, i.e., Budget Activity 04, Spare and Repair Parts.

Column 1: Include the P-1 line item number.

Column 2: Item Nomenclature. Identify the name of the program.

Column 3: Identification Code. The letter "A" or "B" will be entered in this column. Line items will be appropriately coded according to the status of the item at the time the exhibit is prepared as follows:

Code "A". Line items of material that have been approved for Service use. The term "approved for service use" means that:

Army. The item has been "type-classified as adopted type" (Standard) and excludes Limited Production type that is included in the development category.

Navy. The item has been approved for full rate production.

Air Force. The item has been approved for full rate production.

USSOCOM. The system is effective, suitable, safe, and logistically supportable. Release for Special Operations Forces is in conjunction with Milestone III production decision.

Code "B". Line items or material that have not been approved for Service use.

Columns 4-11: Self-explanatory.

Exhibit P-1C, Procurement Program - Comparison Report

In addition to the instructions for the P-1, the P-1C Comparison Report will provide a comparison between the last President's budget request and the budget estimate submission (BES) for the BES and between the last President's budget (PB) request and the current PB request for the PB. The comparison should be performed at the lowest level (by Procurement line item) and should include quantities. The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. This report will not be included in the justification material provided to the Congress.

Exhibit P-1C, Procurement Program - Comparison Report

Exhibit P-1M, Procurement Program - Modification Summary

This exhibit will be prepared for all years reflected on the sample P-1M exhibit and will represent a summary by weapon system of all individual modifications that are requested for that weapon system.

Show the total procurement cost in millions using at least one decimal place for each individual modification and total cost for that weapon system or family of models of that weapon system. For example, all models of the F-4 aircraft would be included in the F-4 line (e.g. RF-4B, F-4B, F-4E, F-4G, etc., and all models of the AIM-7 missile would be included in the AIM-7 line (e.g. AIM-7E, AIM-7F, AIM-7M, etc.). Total modification cost will include only those costs budgeted in the individual P-1 line item, including installation costs.

Exhibit P-1R, Procurement Program - Reserve Components

In addition to the instructions for the P-1, Procurement Program, the P-1R line item entries will be exactly the same line item entries as the P-1. The Exhibit P-1R line items will include 2 sub-line items. One is for the National Guard and one is for the Reserve. Subtotal of the two lines is not required, but the total for the Reserve Components cannot exceed the amount of funding included in the P-1 line item. All procurement line items having funding for National Guard and Reserve requirements, including advance procurement, ammunition, and spares and repair parts, will be included in the P-1R exhibit.

Exhibit P-3a, Individual Modification

MODELS OF SYSTEMS AFFECTED: _____ TYPE MODIFICATION: _____ MODIFICATION TITLE: _____

DESCRIPTION/JUSTIFICATION:

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES:

FINANCIAL PLAN: (TOA, $ in Millions)

	Prior Yrs		PY-1		PY		CY		BY1		BY2		BY2+1		BY2+2		BY2+3		BY2+4		TC		Total	
	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$
RDT&E																								
PROC																								
A Kit NRE			25	2.0	10	1.0	15	1.5	15	1.5	25	2.0	25	2.0	25	2.0	25	2.0	90	7.5			255	21.5
A Kit			25	2.0	10	1.0	15	1.5	15	1.5	25	2.0	25	2.0	25	2.0	25	2.0	90	7.5			255	21.5
Comp A			25	2.5	10	1.0	15	1.5	15	1.5	25	2.5	25	2.5	25	2.5	25	2.5	90	9.0			255	25.5
Comp B			50	1.0	20	0.4	30	0.6	30	0.6	50	1.0	50	1.0	50	1.0	50	1.0	180	3.6			510	10.2
Comp C			75	3.6	30	1.5	45	2.2	45	2.2	45	2.2	45	2.2	45	2.2	45	2.2	270	13.0			765	36.7
Eqpt NRE																								
Eqpt																								
Eqpt A																								
Eqpt B																								
ECP 1 Gp A																								
ECP 1 Gp B																								
ECP 2 Gp A																								
ECP 2 Gp B																								
ECP 3 Gp A																								
ECP 3 Gp B																								
Data																								
Training Eq																								
SE																								
Other																								
Other																								
Other																								
ICS																								
Install Cost					25	.3	10	.1	15	.2	15	.2	25	.3	25	.3	25	.3	115	1.5			255	3.2
Total Proc																								

P-1 Shopping List - Item No 20-3 of 4

Exhibit P-3a, Individual Modification
(Exhibit P-3a, page 1 of 4)

Exhibit P-3a, Individual Modification (Continued)

MODELS OF SYSTEMS AFFECTED: _____ MODIFICATION TITLE: _____

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: _____

ADMINISTRATIVE LEADTIME: __Months PRODUCTION LEADTIME: __Months

CONTRACT DATES: Prior Year:_____ Current Year:_____ Budget Year 1: _____ Budget Year 2: _____

DELIVERY DATES: Prior Year:_____ Current Year:_____ Budget Year 1: _____ Budget Year 2: _____

($ in Millions)

Cost:	Prior Yrs		PY-1		PY		CY		BY1		BY2		BY2+1		BY2+2		BY2+3		BY2+4		TC		Total	
	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$	Qty	$			Qty	$
(PY-25 kits)					15	0.2	10	0.1																
(FY(CY) 10 kits)									10	0.2														
(FY(BY1) - 15 kits)											10	0.2	5	0.1										
(FY(BY2) - 15 kits)													5	0.1	10	0.2								
(FY(BY2+1) - 25 kits)															10	0.2	15	0.3						
etc.																								
					15	0.2	10	0.1	10	0.2	10	0.2	10	0.2	20	0.4	15	0.3						

Installation Schedule

	PY	CY				BY1				BY2				BY2+1				BY2+2				BY2+3 etc.				TC	Total
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4		
In																											
Out																											

P-1 Shopping List - Item No 20-4 of 4

Exhibit P-3a, Individual Modification
(Exhibit P-3a, page 2 of 4)

Instructions - Exhibit P-3a, Individual Modification

This exhibit will be submitted for all individual modification programs whose costs are greater than $5.0 million in budget year 1 or budget year 2. Because congressional approval must be obtained for new start programs *with first year costs of over two million or more than $10 million within three years*, a P-3a must be submitted for specific approval identifying those new start modifications. Use as many pages as necessary.

For Other Procurement appropriations, when only a simple modification kit is being procured and installation is being performed at the organizational level, there is no need to submit an Exhibit P-3a as long as the P-5 and P-21 include the necessary information.

The sample exhibit displays additional line items for equipment and group A installation kits. Tailor line item entries to the modification content. Use additional lines when quantities for these components differ from the quantity of end items being procured or when a unit cost comparison between years cannot be performed.

Model. Enter the model and series designation (i.e. A-10, AGM-86, F/A-18, etc.).

Classification. Enter the modification classification or type, i.e., safety, reliability, added capability, etc., as applicable.

Modification No. And Title: Identify the modification number and title.

Description/Justification: Provide a description of what additional capability is added to the system by this modification, and why the modification is necessary (i.e., to increase reliability, maintainability, or mission capability). If the modification is related to reliability and maintainability, indicate the current Mean-Time Between Failure (MTBF) rate of the system, what MTBF will be specified in the development/production contract, and the estimated annual savings. Identify all engineering change proposals included in the modification and provide a brief description of each and how they relate to the particular overall effort. Identify the operational requirement document (ORD) that validates the modification. Identify the quantity of aircraft in the inventory and the quantity that will receive the modification, as identified in the ORD. For example, the total objective for a radar modification might be 75 units at an estimated unit cost of $300,000 each or total cost of $23.5 million. Twenty units have been procured in prior years, 10 units are included in the budget year leaving 45 units to be procured in subsequent years. Identify when a different number of Group A and Group B kits are being procured (the ORD should also include this information). Identify the applicable quantity of National Guard and Reserve end items. Do not use abbreviations or acronyms of a highly technical nature. Spell the acronyms the first time and abbreviate thereafter.

Development Status/Major Development Milestones: Provide status of engineering effort testing and data package availability as of the budget submission date. Provide significant accomplished and planned milestone dates such as Preliminary Design Review (PDR), Critical Design Review (CDR), completion of Contractor Test and Evaluation (CTE), completion of Development Test and Evaluation (DTE), completion of Initial Operational Test and Evaluation (IOT&E), etc.

Financial Plan:

Note: Prior year column includes all funding from beginning of program through the Past Year -2 (PY-2). Quantities and costs should be provided for all applicable line items. PY-1, PY, and CY are the fiscal years currently available for obligation.

Exhibit P-3a Instructions (Continued)

RDT&E: Enter programmed RDT&E resources by fiscal year. These resources should be consistent with the Program Element Summary Data Sheets for RDT&E programs.

Procurement: Categories of cost shall be tailored to the individual system consistent with the program's approved work breakdown structure (WBS) elements or modification content. Sample categories are shown on the draft exhibit. Use as many line items as necessary to show this data. Enter the recurring and nonrecurring cost of the installation kits. Installation kits (Group A kits) are the provisions (cables, brackets, interface devices) necessary to prepare the system to accept the new equipment. Enter the recurring and nonrecurring cost of the equipment (Group B kits) to be installed (radar, ECM, engine etc.). If different quantities of kits are being procured for various engineering change proposals within a modification (or operational system improvement program), list the ECP A kit and ECP B kit as separate line item entries (i.e., a line item for the A kit and a line item for the B kit). Do not use an asterisk to indicate that the quantity cannot be shown because a mix of end items with different procurement quantities is being procured. This precludes the need for an addendum and presents all cost information together. Exhibits should reflect all costs and quantities from prior year (PY) through to complete (TC) because modifications procure a finite quantity.

Installation. The installation costs should be portrayed in the year of actual installation so that the total cost of the installation is portrayed for each year's procurement of end items. Procurement quantities and installation quantities reflected in the procurement detail should equal the quantity displayed in the installation schedule.

Method Of Implementation: Indicate how installation will be accomplished (Contractor, Depot field team, Depot modification line, etc.).

Contract Date: Enter the actual/estimated contract date (month/year, not quarter) for the item with the longest leadtime.

Production Delivery Date: Enter the actual/estimated production delivery dates (month/year, not quarter) for the initial item of installed equipment for the current year, budget year 1 (BY1), and BY2.

Installation Schedule: For all years of the program, show system inductions and modification completions by quarter. An installation schedule is required for all programs requiring installation funds, i.e., if the modification is being installed organically and no installation funds are required, then no schedule is required. The schedule will include completed inductions for total prior years, as well as planned inductions for all uninstalled equipment for CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4, To Complete and Total Program. Input and output must equal each other, as well as equal the total quantity of kits procured. Input and output refer to the start and end date of the modification into the aircraft (or end item). This information is required to determine when kits need to be procured. The input and output date is used as a barometer to determine the feasibility of the schedule (and thus, the procurement profile). For ongoing programs, identify the separate program using alpha or alpha-numeric suffixes to the current modification number. Include separate installation schedules for those items that have more than one method of implementation.

The P-3a should be readable after reproducing in a reduction mode. Use more than one page when necessary.

Delete all references and funding for those ECPs that were completed in prior years and for which no current or future year funding is required.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

(Exhibit P-3a, page 4 of 4)

Exhibit P-5 Cost Analysis (Page 1)	Weapon System						Date:				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number					ID Code		P-1 Line Item Nomenclature				
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	PYs Total Cost	PY-1 Unit Cost	PY-1 Total Cost	PY Unit Cost	PY Total Cost	CY Unit Cost	CY Total Cost	BY1 Unit Cost	BY1 Total Cost	BY2 Unit Cost	BY2 Total Cost
Quantity											
Airframes/CFE											
Engine/Accessories											
CFE Avionics											
GFE Avionics											
Armament											
ECO (Flyaway)											
Nonrecurring Costs											
Tooling											
Software Costs											
Other Costs											
Subtotal Flyaway											
Airframe PGSE											
Engine PGSE											
Avionics PGSE											
Peculiar Training Eqpt											
Publications/Tech Data											
ECO (Support Items)											
Other											
Subtotal Support Costs											
Gross-P-1 End Item Cost											
Less PY Adv Proc (by PY FY)											
Net P-1 Full Funding Cost											
Plus CY Adv Proc											
Other Non-P-1 Costs											
Initial Spares											
Total											

P-1 Shopping List - Item No 20-5 of 20-10

Exhibit P-5, Cost Analysis
(Exhibit P-5, page 1 of 8)

Exhibit P-5 Cost Analysis (Page 2)			Weapon System			P-1 Line Item Nomenclature				
WBS COST ELEMENTS (Tailor to Sys/Item Rqmts)	BY2+1 Unit Cost	BY2+1 Total Cost	BY2+2 Unit Cost	BY2+2 Total Cost	BY2+3 Unit Cost	BY2+3 Total Cost	BY2+4 Unit Cost	BY2+4 Total Cost	To Complete Costs	Total Costs
Quantity										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
ECO (Flyaway)										
Nonrecurring Costs										
Tooling										
Software										
Other Costs										
Subtotal Flyaway										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Eqpt										
Publications/Tech Data										
ECO (Support Items)										
Other										
Subtotal Support Costs										
Gross-P-1 End Item Cost										
Less PY Adv Proc (by PY FY)										
Net P-1 Full Funding Cost										
Plus CY Adv Proc										
Other Non-P-1 Costs										
Initial Spares										
Total										

P-1 Shopping List - Item No 20-6 of 10

Exhibit P-5, Cost Analysis
(Exhibit P-5, page 2 of 8)

Instructions - Exhibit P-5, Cost Analysis

Purpose. The purpose of this exhibit is to provide detailed cost information in support of Exhibit P-1 line items consistent with the appropriate work breakdown structure (WBS) elements for the program. It is essential that this exhibit be complete and accurate, as it is the most important exhibit in the backup book. Requirement exhibits and production schedules are related to the entries on this exhibit and it is used as the framework for line item review. The budget estimate submission will include P-5 exhibits containing information for all fiscal years (FYs) from prior years (PYs) through to complete years for all major (Acquisition Category (ACAT) 1) programs and through BY2 (as a minimum) for all other programs. The President's budget request backup justification books will include P-5 exhibits containing information for the FYs through BY2 for all programs including ACAT 1 programs. However, a P-5 exhibit (or an AF Form 1537) containing information for all FYs from PYs through to complete years for all ACAT 1 programs will be provided separately to OUSD(C) P/B, Room 4B915.

General. This exhibit will be prepared for all procurement programs for which funding is requested in the P-1. If two or more Services procure the same system, the P-5 exhibit cost elements should be as identical as possible except for Service unique requirements. A P-5 is not required for those programs that use a P-40a to display items included in an aggregated line item or if an Exhibit P-3a Modification Summary, has been prepared for a line item. If two or more Services procure the same system, the P-5 exhibit cost elements should be as identical as possible except for Service-unique requirements.

Entries:

Heading. Insert Appropriation, Budget Activity, and identification code (as identified on the P-1) in the appropriate block. Insert the Exhibit P-1 line item title and add after the title the subhead number for the line item in parenthesis.

Elements of Cost. Categories of cost shall be tailored to the individual system consistent with the program's approved work breakdown structure (WBS) elements. Standard categories are to be used for similar type systems; i.e. aircraft, ships, missiles, tanks, satellites, ammunition, etc.

Production support services. Use generic entries such as Production Engineering, Engineering Services, Quality Assurance, Acceptance Testing, Product Improvement, etc. Include the name of the performing activity (for example, Production Support - NOP Indian Head, or Material Handling - Iowa AAP) only when needed to further clarify the generic categories.

Quantity/Total Cost entries. The quantity related to any cost element will be stated in units (not thousands). Only those entries where quantitative measurement is applicable should have entries in the quantity column. For example, the term "1 set" should not be used for publications, entries, documentation, etc. If the item is not subject to quantitative measurement, leave the column blank. The total cost for a cost element entry will be shown in millions, using 3 decimal places, i.e., 1.225. Cost columns will be totaled.

Advance Procurement Funding. Add (debit) the advance procurement funding in each fiscal year and subtract the advance procurement funding (credit) from the fiscal year the advance procurement supports. Ensure the credit is against the correct fiscal year (check leadtimes). Generally, Advance Procurement debits and credits will net to zero in the "total costs" column.

Initial Spares. Add initial spares funding to the net weapon system/end item cost.

Unit Cost. The unit cost should be displayed for each flyaway cost element on the P-5. This should be a manual entry, not computed. Otherwise, there could be lost budget authority if a reviewer (OSD, GAO, or congressional staff) asks to see the unit cost for a particular item from the contract. The last entry line, or overall weapon system unit cost, for each FY is the procurement unit cost.

Exhibit P-5 Instructions (Continued)

Aircraft Cost Element Categories.

Airframes/Contractor Furnished Equipment (CFE): Enter estimate for recurring airframe cost, airframe contractor furnished equipment, and engineering changes.

Engine/Accessories: Enter total engine cost including accessories. As part of stub entry, enter quantity of engines per aircraft and indicate model designation including all "dash" designators (example: Engines (4) 53-L-13). Engine unit cost column will reflect the cost of one engine.

Avionics: Separately identify CFE and GFE avionics equipment.

Armament: Enter costs for all armament.

Software: Software costs are to be separately identified.

Other Government Furnished Equipment (GFE): Enter costs for all Other GFE.

Engineering Change Orders (ECOs) - Flyaway: Include cost of anticipated, but unknown ECOs and value engineering changes for all installed aircraft components (CFE or GFE). ECOs should be funded commensurate with the level of risk in the program.

Nonrecurring Costs: Enter total nonrecurring costs associated with production of the flyaway article. Identify and separately display funds budgeted for production tooling in the nonrecurring cost category.

Other Costs: Use as many line items as necessary to identify elements and associated costs.

Airframe Peculiar Ground Support Equipment (PGSE): Enter cost of peculiar airframe ground support equipment.

Engine PGSE: Enter cost of peculiar engine ground support equipment.

Peculiar Training Equipment: Enter cost of all peculiar training equipment.

Publications/Technical Data: Enter cost of all CFE/GFE publications and technical data.

ECOs - All Support Items. Enter cost of ECOs anticipated but unknown for all support and training equipment.

Other: Use as many line items as necessary (example: aerial cameras, or jammer transmitter sets, receiver sets or sensor sets for special mission aircraft). These items are not necessarily procured on a one-for-one basis with aircraft.

Missile Cost Analysis

A missile P-5 exhibit will be submitted by all Services for each missile/drone type and model. If more that one model or configuration is procured in the same P-1 line item, then individual P-5 exhibits will be prepared for each model or configuration and a summary P-5 exhibit will also be prepared for the P-1 line item. Weapon systems that are composed of fire units or launchers that are procured in the same P-1 line item as the missile will provide

Exhibit P-5 Instructions (Continued)

separate cost identification for each vehicle of the fire unit or launching system (launcher, launch control center, radar set, vehicle, etc.). The cost categories on the P-5 exhibit represent a number of elements and the list should be tailored as appropriate to adequately depict the missile system cost. The flexibility exists to revise the elements to depict unique system characteristics, but a comparable cost detail to that shown in the P-5 exhibit format should be maintained.

Missile P-5 Cost Element Categories

Missile Hardware - Recurring
- Airframe
- Propulsion (By stage, where applicable)
- Target Detection Device
- Guidance & Control
- Warhead
- Fuze
- Safe & Arm
- Engineering Change Orders
- (Value Engineering)
- Government Costs
  - Integration & Assembly (Labs, etc.)
  - Acceptance Test Program
- Other (Specify)
- Subtotal Missile Hardware

Nonrecurring and Ancillary Equipment
- Tooling and Test Equipment
- Missile Ancillary Hardware
- (Containers, etc.)
- Total Missile Flyaway

Command and Launch Hardware
- Launcher
- Launch Control Center
- Radar Set
- Platform/Track Vehicle
- Engineering Change Orders
- Other (Specify)
- Subtotal Command and Launch Equipment

Support Costs
- Peculiar Support Equipment (Specify, e.g., test, handling, etc.)
- Special Handling Equipment
- Training Equipment
- Publications/Technical Data
- Engineering Change Orders
- Other (Specify)
- Subtotal Support

Exhibit P-5 Instructions (Continued)

Missile P-5 Cost Element Categories (Continued)

Gross P-1 End Cost
Less: Prior Year Adv. Procurement (Breakout by Prior FY of funding)
Net P-1 Full Funding Cost (Must equal FY amount displayed on the P-40 exhibit)
Plus Current Year Advance Procurement.
Other Non-P-1 Weapon System Costs
Initial Spares

Ship Cost Element Categories

Include the following format for every year from construction inception for which there are undelivered ships through the end of the FYDP:

Plan Costs
Basic Construction/Conversion
Change Orders
Electronics
Propulsion Equipment
HM&E
Other Cost
Ordnance
Escalation
Project Manager's Growth
Total Ship Estimate
Less: Advance Procurement FY (specify by individual fiscal year)
Net P-1 Line Item
Ship/Unit Cost

Space System Cost Analysis.

A P-5 exhibit is required for each space weapon system employing a launch vehicle or satellite.

Satellite Cost Element Categories

Launch Vehicle:
Airframe/Integ & Assembly
Stage I
Stage II
Stage III
Stage IV
Guidance and Control
Other (specify)
Nonrecurring (specify)

Stage Vehicle:
Airframe/Integ & Assembly
Propulsion
Guidance and Control
Other (specify)
Nonrecurring (specify)

Exhibit P-5 Instructions (Continued)

Satellite Cost Element Categories (Continued)
Space Vehicle:
- Integration & Assembly
- Spacecraft
- Payload
- Reentry Vehicle
- Other (specify)
- Nonrecurring (specify)

Satellite P-5 Cost Element Categories (continued)
- Engineering Change Orders (ECO)
- In-House Production Support
- Total Flyaway Cost

Ground Support Equipment:
- Support Equipment
- Installation and Checkout
- Nonrecurring (specify)
- Engineering Change Orders
- Other (specify)
- Total Ground Support Equipment

Support:
- Training
- Publications/Tech. Data
- Operational/Site Activation
- Computer Software
- Other (specify)
- Total Support

- Total Systems Cost
- Less Advance Procurement, Prior Year
- Net P-1 Line Item Cost

Other Procurement Cost Analysis.

A. Unique entries will vary depending on the nature of the procurement item. Most line items require more than one procurement action to complete the program. If only one contract is involved, the line item is composed of several separate cost elements such as the end item itself, publications, engineering services, production support, etc. Each of these elements (called "building blocks" for simplicity) carries its own dollar value. The sum of the building block values equals the line item value. In general, entries on this form should be structured in the same way that procurement has been accomplished (or is planned) and/or the way that the cost estimate for the line item was derived. For new programs, it is not always possible to predict exactly how procurement will be accomplished but the cost estimate for the line item is built up through price out of separate cost elements that are known to be required.

B. Care should be taken to ensure that the building block title accurately describes the effort. Frequently, attempts are made to use the same building block entry for more than one year when the program effort in the following year is not exactly the same. For example, Model A of particular equipment is procured in one year and an improved Model B version planned for the following year. Separate stub entries should be used to avoid comparisons of unlike items.

Exhibit P-5 Instructions (Continued)

Ammunition Procurement Cost Analysis.

A. For items to be procured through the Single Manager for Conventional Ammunition (SMCA), the P-5 will be used to display the program cost breakdown. The Service is responsible for justifying and defending its budget request for ammunition even if the item has transitioned to the SMCA for procurement. The production support section should depict the cost of production support materials and services that are included in the P-1 line item. When the developing Service retains configuration management responsibility for a SMCA-procured item, the developing Service will formulate the production engineering cost estimate, but all other estimates will be formulated by the SMCA.

B. The Army's P-Form exhibit formats included in the Army's Program Budget Documentor (PBDOC) will be utilized for all Services' ammunition procurements for items procured through the SMCA.

C. Quantities will be displayed in each unless the item is being procured in millions (the quantities will then be displayed in thousands). Dollars will be displayed in millions, using 3 decimal places, i.e., 1.225. Normal rounding methodology will be utilized.

D. The hardware section should include the full cost of hardware incorporated into the round or item that is included in the P-1 item line. The hardware section entries should be tailored to match the major components of the ammunition item and should reflect the acquisition strategy. If two or more services procure the same ammunition/ordnance round, the P5 exhibit should be as identical as possible except for Service-unique requirements. If the round is to be procured using a component breakout strategy, the entries should include, as applicable, the following: load-assemble-pack, major metal parts, fuzes, explosives, propellants and shipping containers. Any small-dollar value components that are non-significant/non-problem can be rolled up into an Other, Miscellaneous line (the dollar amount of this line will not exceed 20 percent of the program value). Where an all-up round is to be delivered under a systems contract, the cost of the all-up round may be displayed as a single entry.

E. The production support section should depict the cost of production support materials and services that are included in the P-1 line item. The following standard entries should be used as applicable: production engineering, quality assurance, proof and acceptance testing, interim transportation and industrial stock support. Any other categories (i.e., special testing) should be added as required and identified accordingly. When configuration management responsibility is retained by the Navy or Air Force as developing Service, the production engineering cost estimate will be formulated by the developing Service, but all other estimates will be formulated by the SMCA.

F. The nonrecurring cost section should depict the cost of such items as first article testing, product improvement, value engineering, tooling and test equipment, procurement technical data package updates, start-up/layaway costs and/or other special requirements identified accordingly. In the event that applying government-furnished material or components can reduce the cost of the round, the negative entry will be shown in this section.

G. Each section's subtotal should be displayed at the end of the subentries listing.

H. The total P-1 line item is equal to the sum of subtotal cost of hardware, procurement support and nonrecurring less the GFM applications. This entry must agree with the P-1 value for the ammunition item.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

(Exhibit P-5, page 8 of 8)

Exhibit P-5a, Procurement History and Planning (Page 1)	Weapon System	DATE:
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number	P-1 Line Item Nomenclature	

WBS COST ELEMENTS Tailor to System/Item Requirements)	Qty	Unit Cost	Location of PCO	RFP Issue Date	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Tech Data Available Now?	Date Revisions Available
Past Year (or last yr of proc)										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
Tooling										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Equipment										
Current Year										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
Tooling										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Equipment										

P-1 Shopping List - Item No 20-7 of 10

Exhibit P-5a, Procurement History and Planning
(Exhibit P-5a, page 1 of 4)

Exhibit P-5a, Procurement History and Planning (Page 2)			Weapon System			DATE:			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number					P-1 Line Item Nomenclature				
WBS COST ELEMENTS Tailor to System/Item Requirements)	Qty	Unit Cost	Location of PCO	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Tech Data Available Now?	Date Revisions Available
Budget Year 1									
Airframes/CFE									
Engine/Accessories									
CFE Avionics									
GFE Avionics									
Armament									
Tooling									
Airframe PGSE									
Engine PGSE									
Avionics PGSE									
Peculiar Training Equipment									
Budget Year 2									
Airframes/CFE									
Engine/Accessories									
CFE Avionics									
GFE Avionics									
Armament									
Tooling									
Airframe PGSE									
Engine PGSE									
Avionics PGSE									
Peculiar Training Equipment									

P-1 Shopping List - Item No 20-8 of 10

Exhibit P-5a, Procurement History and Planning
(Exhibit P-5a, page 2 of 4)

Instructions - Exhibit P-5a, Procurement History & Planning

1. Purpose. This exhibit provides detailed information on the P-5 entries regarding all prior years having contracts with undelivered assets, current year (CY), budget year 1 (BY1), and BY2. Contract information is used to compare cost estimates between fiscal years by comparing unit costs on previous contracts. For example, if an item was awarded in FY 1997 using FY 1995 funding, is the FY 1998 cost based on an FY 1995 cost inflated 3 years, or to an FY 1997 cost inflated one year? The contract information is used to determine if there has been a problem awarding the contract early or late in the fiscal year and if it occurred as planned. The contract information also is used to identify potential current year assets and to answer congressional inquiries.

2. Submission. Exhibit P-5a will be submitted for all P-5 elements of cost (building block) entries involving quantities in the current or budget years. Information for past years, CYs, and BYs will be updated for each succeeding submission.

3. Entries.

Cost Elements (Building Blocks)/Fiscal Year. The cost element/building block title is to be taken from the Exhibit P-5 Cost Analysis for items meeting the criteria of paragraph 2 above. For each cost element, provide information for the PY, CY, BY1 and BY2. The first fiscal year line will provide information on the last buy prior to the current year (if the item was procured in a fiscal year that is no longer available for obligation, identify the fiscal year for which the item was last procured. Update current and prior years entries to show actual contractor and contract award dates. For the budget years, use best estimates.

If Advance Procurement funding is part of the program, then provide contract data for each subsequent year to support the leadtime of the advance procurement. For example, if advance procurement is required 2 years in advance of BY2, then provide contract data through BY2+2.

Quantity and Unit Cost. Insert actual quantity procured and actual unit cost for last actual line entry. For the CY, BY1 and BY2 lines, insert actual or estimated unit costs. The quantities and unit costs should agree with entries on the Exhibit P-5 Cost Analysis exhibit, except for the ammunition items that are fixed standard priced. For these ammunition items, the entries should be the actual unit costs that were negotiated and/or estimated. This update is necessary for the initial starting point for computing future fixed standard prices. Provide an explanation in the remarks block for all items for which the actual unit costs vary significantly with the forecasted unit costs.

Procurement Contracting Office (PCO) Location. Identify the organization that will award the contract. Also identify the organization preparing the purchase request, if different.

Contractor. For each fiscal year, insert actual contractor name, and facility or plant location (city and state). For the current year, insert contractor name if item is to be sole source or if procurement has been accomplished; otherwise insert "Unknown". For budget year(s), insert contractor name if sole source; otherwise use "Unknown". Identify the city/state location of the contractor plant.

Exhibit P-5a Instructions (Continued)

Contract Method/Type. The following codes will be used to identify the "Contract Method/Type":

Contract Method

SS	-	Sole Source
C	-	Competitive
MIPR	-	Military Interdepartmental Purchase Request (use only if MIPR obligates funding)
PO	-	Project Order
WR	-	Work Request
Allot	-	Allotment
Reqn	-	Requisition
Other	-	Explain by footnote

Contract Type

FP	-	Fixed Price
CPIF	-	Cost Plus Incentive Fee
CPAF	-	Cost Plus Award Fee
FPI	-	Fixed Price Incentive
Option	-	Option to prior year contract
Other	-	Explain by footnote

Follow the pattern of the "Contractor" block in displaying actual and estimated contract method and type. "Option" refers to an existing contract that contains an option clause for future procurement. Identify whether the option is priced (already negotiated) or unpriced.

Award Date. For the last actual buy, provide the date that the contract was awarded. For the current year, provide the actual or estimated date. Provide estimated contract award dates for BY1 and BY2. If the contract is a multiyear contract or a contract with options, identify the date that the option will be exercised.

Date of First Delivery. Same basis as Award Date.

Technical Data Package Available Now. Answer "yes" or "no" for the current year and budget years. No entry is required for prior year or BY2. The answer is to be provided as of the time the exhibit is prepared. The term "specifications" refers to full competitive specifications (or their equivalent in the case of a sole source contract).

Date Revisions Available. No entry is required for the prior year line if the contract has been awarded. If revisions are required, provide in last column the date or estimated date when they will be available.

Use Footnotes to provide reasons for Sole Source procurement; to provide reasons for use of letter contracts; to provide reasons why a multiyear contact cannot be used; to explain significant variations in unit cost from year to year, etc.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Date: _____

Shipbuilding and Conversion, Navy
Exhibit P-5b, Analysis of Ship Cost Estimate - Basic/Escalation

FY 20BY Ship Type: _____

I.	Design Schedule:	Start/Issue	Complete/Response	Reissue	Complete/Response
	Issue date for TLR				
	Issue date for TLS				
	Preliminary Design				
	Contract Design				
	Detail Design				
	Request for Proposals				
	Design Agent				

II.	Classification of Cost Estimate			
	(e.g. Class C Budget Estimate)			
III.	Basic Construction/Conversion	FY 20CY	FY 20BY1	FY 20BY2
	A. Assumed Award Date			
	B. Contract Type (and Share Line if applicable)			

IV.	Escalation	Hull 9201	Hull 9202	Base Date	Escalation Target Cost
	Escalation Termination Date				
	Escalation Requirement				
	Labor/Material Split				
	Allowable Overhead Rate				

V.	Other Basic (Reserves/Miscellaneous)	Amount
	Item	xxxx
	Item	xxxx

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-5b, Analysis of Ship Cost Estimate - Basic/Escalation

(Exhibit P-5b, page 1 of 1)

Date: _____

Shipbuilding and Conversion, Navy
Exhibit P-8a, Analysis of Ship Cost Estimate - Major Equipment

Ship Type: _____

	FY 20PY		FY 20CY		FY 20BY1		FY 20BY2	
	Qty	Amt	Qty	Amt	Qty	Amt	Qty	Amt
Electronics Equipment								
Ordnance Equipment								
Propulsion Equipment								
HME Equipment								

Instructions: List the major equipment for each of these cost codes shown on the P-35 exhibit and include the next 10 high dollar value items. All other items can be summarized in one line item. System engineering, spares, documentation, and other equipment costs should be included in the equipment estimate. Value engineering changes should be included in the change order cost category.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-8a, Analysis of Ship Cost Estimate - Major Equipment

(Exhibit P-8a, page 1 of 1)

Exhibit P-10, Advance Procurement Requirements Analysis (Page 1 - Funding)														Date:
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number														P-1 Line Item Nomenclature
Weapon System						First System (BY1) Award and Completion Date								Interval between Systems
($ in Millions)														
	PLT	When Rqd	Prior Years	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total
End Item Qty														
CFE														
Engines														
GFE														
GFE														
GFE														
EOQ														
Design														
Term Liab														
Other*														
Total AP														

Description:

*Specifically identify other items for all pages of this exhibit.

P-1 Shopping List Item No 20-3 of 10

Exhibit P-10, Advance Procurement Requirements Analysis
(Exhibit P-10, page 1 of 8)

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)									Date:
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number				Weapon System			P-1 Line Item Nomenclature		
(TOA, $ in Millions)									
	PLT	QPA	Unit Cost	BY1 QTY*	BY1 Contract Forecast Date	BY1 Total Cost Request	BY2 QTY*	BY2 Contract Forecast Date	BY2 Total Cost Request
End Item		N/A		(BY2 qty)		N/A	(BY2+1 qty)		N/A
CFE									
GFE									
GFE									
GFE									
EOQ									
Design									
Termination Liability									
Other									
Other									
Other									
Other									
Total Advance Proc									

Description:

*When the advance procurement funding supports more than one subsequent program year end item, then the funding for each line item entry must be separately identified for each applicable end item fiscal year (i.e., when leadtimes are greater than one year).

(Use continuation pages, as necessary)

P-1 Shopping List Item No 20-4 of 10

Exhibit P-10, Advance Procurement Requirements Analysis (Page 3 - Present Value Analysis)			Date:									
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No			Weapon System			P-1 Line Item Nomenclature						
(TOA, $ in Millions)												
	FY 1996 & Prior Years	PY-1 FY 1997	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Comp	Total
Proposal w/o AP												
Then Year Cost												
Constant Year Cost												
Present Value												
AP Proposal												
Then Year Cost												
Constant Year Cost												
Present Value												
Difference												
Then Year Cost												
Constant Year Cost												
Present Value												
AP Savings												

Remarks
Present value analysis will be calculated in accordance with DoD Instruction 7041.3.

Exhibit P-10, Advance Procurement Requirements Analysis (Page 4 - Execution)																Date:
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number										Weapon System		P-1 Line Item Nomenclature				
(TOA, $ in Millions)																
	PLT	PY QTY	PY-1 Contract Forecast Date	PY-1 Actual Contract Date	PY-1 Total Cost Request	PY-1 Actual Contract Cost	CY QTY	PY Contract Forecast Date	PY Actual Contract Date	PY Total Cost Request	PY Actual Contract Cost	CY QTY	CY Contract Forecast Date	BY1 QTY	BY1 Contract Forecast Date	
End Item					N/A	N/A				N/A	N/A					
CFE																
GFE																
GFE																
GFE																
EOQ																
Design																
Term Liab																
Other																
Total AP																

Description:

Explain reasons for any delays and why delays did not result in end item delays.

P-1 Shopping List Item No 20-6 of 10

Exhibit P-10, Advance Procurement Requirements Analysis (Page 5 - Execution (Obligations/Expenditures)								Date:					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number								Weapon System		P-1 Line Item Nomenclature			
(TOA, $ in Millions)													
	Oct PY	Nov PY	Dec PY	Jan PY	Feb PY	Mar PY	Apr PY	May PY	Jun PY	Jul PY	Aug PY	Sep PY	Total
PY Termination Liability Schedule													
PY Expenditures													
	Oct CY	Nov CY	Dec CY	Jan CY	Feb CY	Mar CY	Apr CY	May CY	Jun CY	Jul CY	Aug CY	Sep CY	Total
CY Termination Liability Schedule													
CY Expenditures													
	Oct BY1	Nov BY1	Dec BY1	Jan BY1	Feb BY1	Mar BY1	Apr BY1	May BY1	Jun BY1	Jul BY1	Aug BY1	Sep BY1	Total
BY1 Termination Liability Schedule													
	Oct BY2	Nov BY2	Dec BY2	Jan BY2	Feb BY2	Mar BY2	Apr BY2	May BY2	Jun BY2	Jul BY2	Aug BY2	Sep BY2	Total
BY1 Termination Liability Schedule													
Narrative:													

P-1 Shopping List Item No 20-7 of 10

Exhibit P-10, Advance Procurement Funding
(Exhibit P-10, page 5 of 8)

Instructions - Exhibit P-10, Advance Procurement Requirements Analysis

This Exhibit should be submitted for each BY1 and BY2 in which Advance Procurement funds are being requested. The exhibit contains 5 pages. Only pages 1 and 2 need to be submitted in the congressional procurement backup books.

Page 1 - Budget Justification entries.

This format will include funding for all years of the program.

Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number. This entry should match the procurement annex.

P-1 Line Item Nomenclature: Self explanatory.

Weapon System Type: End item for which advance procurement is required.

First System Award and Completion Date: Enter the month/year (do not use quarters) of the projected contract award for the end item for which the funds in the budget years support. For example: FY 1998 advance procurement funds are required in support of an FY 1999 procurement. The FY 1998 AP supporting the FY 1999 end item procurement will be awarded in March 1998 and the FY 1999 procurement will be awarded in January 1999. Enter March 1998. If the manufacturing processes require 24 months, then the item will be delivered in March 2000. Enter March 2000.

Interval Between Systems: Enter the time between end item deliveries.

Column 1. The first entry should be the procurement quantity budgeted for each year (use the actual fiscal year rather than template years) for the end item for which the advance procurement is requested. In addition, list the items that are required to be purchased ahead of the end item. Be specific as possible. Some examples are:

Contractor Furnished Equipment (CFE): This entry includes all advance procurement funding associated with effort accomplished by the prime weapon system contractor. (e.g. airframe contractor for aircraft; guidance and control contractor for missiles, satellites; chassis contractor for tanks, engines, nuclear propulsion equipment for ships, etc.)

Government Furnished Equipment (GFE): This entry should include a separate entry for each major subcomponent furnished by the government (e.g. engines and radars for ships and aircraft; warhead, fuzes, and rocket motors for missiles; engines and major electronic subsystems for tanks, satellites, etc.).

Economic Order Quantity (EOQ): This entry includes items for which an economic order is justified. List each item separately. The entry will require additional justification showing the analysis that supports an EOQ procurement in an advance procurement line.

Other Advance Funding. This would normally include non-EOQ funding that is requested in advance of authorization of the end item and is not based on leadtime considerations but based on price/cost considerations only.

Column 2. Production Leadtime (PLT). Enter the number of months required to manufacture the end item.

Column 3. Enter the number of months after the manufacturing process begins that the item is required for incorporation into the end item.

Columns 4-15. Enter the approved funding for all years of the program.

Instructions-Exhibit P-10, Advance Procurement Requirements Analysis (Continued)

Page 2 Entries:

Column 1. List the items that need to be purchased ahead of the end item. This column should match the entries in column 1 on page 1.

Column 2. Production Leadtime (PLT): Enter the production leadtime of this particular item.

Column 3. Quantity Per Assembly (QPA): Indicate the quantity of the item required for each end item.

Column 4. Unit Cost: Enter the unit cost in tenths of millions.

Column 5. BY1 Qty: Enter the total quantity being procured in BY1. For the end item enter the quantity of end items being procured in BY2 (or subsequent years and identify by qty and year) for which the advance procurement in BY1 supports.

Column 6. BY1 Contract Forecast Date: Enter the date of the planned contract award for each of the items listed in column 1. For the end item enter the date of planned contract award of the end items being procured in BY2 (or subsequent years) for which the advance procurement in BY1 supports.

Column 7. Cost: Enter the cost in millions with one decimal place.

Columns 8-10. Repeat the entries above for BY2.

Description. Describe the technique used to estimate the termination liability request. If advance procurement funding is to be applied to years beyond the immediately succeeding year, the amounts and quantities by year should be specified and explained.

Page 3 Entries:

This page will provide a comparison of the advance procurement request to the cost of the program without advance procurement.

Page 4 Entries:

This page will provide a comparison of the request and actual program execution. If actual data is not available for the following items then provide the contract date or latest program manager's (PM) estimate and indicate with a footnote whether the data represents an actual date, a contract date or a PM projection.

Column 1. List the items that need to be purchased ahead of the end item. Include all items in the previous President's budget request and any items procured subsequently.

Column 2. Production Leadtime (PLT): Enter the production leadtime of this particular item. This column should match the entries in column 2 on page 2.

Column 3. PY-1 Quantity: Enter the quantity budgeted for the past year-1.

Column 4. PY-1 Contract Forecast Date: Enter the date of the planned contract award that was included in the previous President's budget request for the past year-1.

Column 5. PY-1 Actual Contract Date: Enter the date that the contract was actually awarded. Explain any differences in the Narrative for the past year-1.

Column 6. PY-1 Total Cost Request: Enter the cost estimated for this particular item that was included in the previous President's budget request for the past year-1.

Columns 7-14. Include the same type of information for the past year and current year as explained in columns 3-6.

Instructions-Exhibit P-10, Advance Procurement Requirements Analysis (Continued)

Column 15. BY1 Quantity. Identify the quantity to be procured in BY1.

Column 16. BY1 Contract Forecast Date. Identify when the contract will be awarded for BY1.

Narrative. Provide explanations for differences between requested leadtimes and actual leadtimes, requested contract award dates and actual contract award dates and requested cost and actual contract cost. Include any items that were not identified in the previous President's budget request and provide an explanation for the change. Also, address why items were not procured if funding was requested for any items in the previous President's budget request. If advance procurement funding is to be applied to years beyond the immediately succeeding program year, the amounts by year should be specified on the applicable FY BY exhibit and addressed.

Page 5 Entries

Provide the termination liability schedule from the contractor. If one is not available, then explain how the requirement for advance procurement was determined. Provide actual expenditures by month for the amount of advance procurement funding including termination liability. Use additional columns as required to complete the period of execution performance for the advance procurement funding (i.e. until program is 100% executed).

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-17 Layaway and/or Distribution						Date					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number						P-1 Line Item Nomenclature					
Project:	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Funding											
Description: Provide a brief description of this project.											
Manufacturer (Name and Location)			Production Lines being laid way: (include location)					Production ends:			
Layaway Cost:			Other Costs:					Annual Maintenance Cost:			
Project:	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Funding											
Description: Provide a brief description of this project.											
Manufacturer (Name, Location)			Production Lines being laid way: (include location)					Production ends::			
Layaway Cost:			Other Costs:					Annual Maintenance Cost:			

P-1 Shopping List Item No 23-5 of 5

Exhibit P-17, Layaway and/or Distribution
(Exhibit P-17, page 1 of 2)

Instructions - Exhibit P-17, Layaway and/or Distribution

1. The purpose of this exhibit is to provide the funding requirements for layaway and distribution projects at government-owned, government-operated (GOGO) facilities, at government-owned, contractor-operated (GOCO) facilities, and contractor-owned, contractor-operated (COCO) facilities.

2. For each project, provide information as to the type of action, i.e., in place, on site, central storage, complete layaway or increment, state of readiness, future cost, estimated completion date, background, and work to be accomplished. If reactivated, is the facility or line scheduled to produce new items? If so, list the items.

3. Group projects under each appropriate subclassification, such as facility expansion, machine tool replacement, etc.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-18 Initial and Replenishment Spare and Repair Parts Justification						Date: Month/Year					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No				Weapon System		P-1 Line Item Nomenclature					
End Item P-1 Line Item	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
INITIAL											
B-1											
B-2											
F/A-18											
P-3											
UH-60											
Etc.											
TOTAL INITIAL											
REPLENISHMENT											
B-1											
B-2											
F-15											
Etc.											
TOTAL REPLEN											
Remarks (Use continuation pages, as necessary)											

P-1 Shopping List Item No 27-1 of 27-1

Exhibit P-18, Initial and Replenishment Spares and Repair Parts Justification

(Exhibit P-18, page 1 of 2)

Instructions - Exhibit P-18, Initial/Replenishment Spares Requirements

The purpose of this exhibit is to provide the funding requirements for the procurement of initial and replenishment spares and repair parts in support of end items of equipment and in support of modifications to existing end items of equipment where end items of equipment are being supported by procurement appropriations. A copy of this exhibit will be included in the budget justification book for the end item.

Entries:

Column 1. Enter the budget Exhibit P 1 line item and end items of equipment for which the initial spares and repair parts are required.

Columns 3 through 13. Enter the total cost of the initial or replenishment spares and repair parts for each fiscal year displayed in support of the end items procured. Funding must be consistent with the P-1 and P-40 exhibits.

If some of the initial spares and repair parts are to be financed by the DWCF or for buy-out by a procurement appropriation, provide a memorandum entry to indicate the DWCF-financed portion or footnote accordingly.

Include the following information in the remarks block.

Procurement Requirement:
- Funded Initial Spares.
- Funded Replenishment Spares.
- Funded Mobilization (War Reserve) Spares.
- Total Funded.
- Repair Turnaround time.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-20, Requirements Study	Appropriation (Treasury) Code/CC/BA/BSA/Item Control No	Date
P-1 Line Item Nomenclature (Include DODIC for Ammunition Items)	Admin Leadtime (after Oct 1): xx months	Prod Leadtime: xx months

	PY FY 1998	CY FY 1998	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005
Quantity Budgeted	500	500	500	545	605	605	605	605
Unit Cost	.1	.1	.1	.1	.1	.1	.1	.1
Total Cost	.5	.5	.5	.5	.6	.6	.6	.6
Asset Dynamics								
Beginning Asset Position	500	545	545	460	355	295	295	295
Deliveries from all prior year funding	150	500						
Deliveries from CY funding			500					
Deliveries from BY1 funding				500				
Deliveries from BY2 funding					545	605	605	605
Deliveries from subsequent years' funding						605	605	605
Other Gains	50	10	20					
Combat Losses/Usage	0	0	0	0	0	0	0	0
Training Losses/Usage	-150	-500	-600	-600	-600	-600	-600	-600
Test Losses/Usage	-5	-10	-5	-5	-5	-5	-5	-5
Other Losses/Usage	0	0	0	0	0	0	0	0
Disposals/Retirements/Attritions/etc.								
End of Year Asset Position	**545**	**545**	**460**	**355**	**295**	**295**	**295**	**295**
Inventory Objective or Current Authorized Allowance	545	545	545	545	545	545	190	190

Inventory Objective	Actual Training Expenditures	Other than Training Usage	Disposals (Vehicles/Other)	Vehicles Eligible for BY1 Replacement: 50	Aircraft: TOAI:
Assets Rqd for Combat Loads: 500	PY thru ____: 350	PY thru ____: 5	PY thru ____:: 50	Vehicles Eligible for BY2 Replacement: 50	PAA: TAI
WRM Rqmt: 500	PY-1: 450	PY-1: 4	PY-1: 40	Vehicle Augment: 50	Attrition Res:
Pipeline: 45	PY-2: 650	PY-2: 6	PY-2: 60		BAI
Other:	PY-3: 200	PY-3: 2	PY-3: 20		Inactive Inv:
TOTAL: 545					Storage:

REMARKS: For ammunition items, list all substitute items for the round.

P-1 Shopping List Item No 10-10 of 10

Exhibit P-20, Requirements Study
(Exhibit P-20, page 1 of 3)

Instructions - Exhibit P-20, Requirements Study

1. Purpose. The purpose of this form is to provide detailed information with regard to the determination of asset availability and requirements.

2. Submission. The P-20 is required only for the budget estimate submission. A P-20 will be prepared and reviewed by the Services and Defense Agencies for all items being procured, even if the item is included in an aggregated P-1 line item, such as "Items Less Than $5 million." Submittal of the P-20 is required for only those items costing $5.0 million or more in budget year 1 or budget year 2. For aircraft and missile modifications, a P-20 is not required as long as the Exhibit P-3a description includes the inventory objective contained in the validated operational requirements document (ORD). Vehicle P-20 exhibits can be modified to accommodate the numerous vehicle types.

3. Entries.

Leadtimes: Administrative leadtime is the amount of time after October 1 that is required to award a contract. Procurement leadtime is the amount of time from contract award until delivery of the first unit.

Quantity Budgeted. Show the quantities, unit cost, and funding approved for this program.

Asset Dynamics. This section will reflect the changing asset position starting with the assets on hand and adjusting for gains and losses. Tailor the entries to the program being represented.

Beginning Asset Position. Use the inventory position as of the end of the past fiscal year, or specify other date. As a memo entry in the remarks section, identify assets that are not in a serviceable condition.

Deliveries from all prior year funding and deliveries from CY, BY1 and BY2 funding. Enter the quantity funded during all prior years that are not yet delivered. Show the deliveries or other gains in the fiscal year in which they will be received. The analyst can then compare these entries to the P-21 Production Schedule (deliveries and leadtimes).

Deliveries from subsequent years' funding. Enter the quantity in the appropriate fiscal year. The due-ins should match the P-21 Production Schedule and be reflective of the procurement leadtimes and planned delivery schedules to be included on the contract.

Other Gains. Quantity due in for loans to other Services, other receipts, etc.

Usage. Identify projected annual usage, disposals, retirements, etc. that are projected for each fiscal year. There should be some correlation of the projected usage to actual expenditures. For aircraft, usage equates to attrition, retirement, FMS sales, etc. For vehicles, usage equates to disposals (quantity of vehicles scheduled for disposal through sale, salvage or transfer to another agency).

End of Year Asset Position. Add the gains and subtract the losses from the beginning of the year asset position.

Inventory Objective (IO). Identify the elements of the IO and the Approved Acquisition Objective, as applicable and approved through the Program Objective Memorandum process. For missiles, munitions, and munitions-related items, use the capabilities based munitions requirements process. Annotate in the Remarks block if the IO is different for any of the FYDP years. Cite the document and the date of the document that established the IO.

Actual Expenditures (for ammunition items). Identify actual expenditures for training and other than training for at least three years. For example, for the FY 1998 submission, FY 1997 will be the current year but no usage will have occurred. FY 1996 would be the past year but data will probably not be available for the entire fiscal year prior to the submission. Therefore, show actual usage for FY 1996 through June 30, 1996 and the usage for 3 fiscal years

(FY 1995 (past year minus one, PY-1), FY 1994 (past year minus two, PY-2), and FY 1993 (past year minus three, PY-3)).

Exhibit P-20 Instructions (Continued)

Authorized Allowances. Enter the authorized Vehicle allowances for units, installations, and activities supported by the appropriations of the service preparing the form. Replacement requirements will be excluded.

Vehicles Eligible for Replacement: Enter the quantity of vehicles eligible for replacement during the budget year(s) funded leadtime based upon the age, repair limits and mileage criteria of DoD 4500.36-R.

Vehicle Augmentation. Enter the quantity that represents an augmentation to the inventory. On a separate sheet, list the organizational units and quantities for each unit involved in the augmentation and include a full justification for the augmentation.

Aircraft. Include memo entries for each configuration of aircraft. Identify the acquisition objective by The Joint Staff (TJS) inventory category for each FY. Explain the basis for the approved acquisition objective and identify the applicable requirements document and approval authority (i.e. TJS/Service) that provides the basis for the approved acquisition objective number

Also each Service should submit documentation, by aircraft type, that provides the average age and average hours projected for the aircraft and the current age and hours. This documentation is required for all aircraft being procured and modified, as well as for the aircraft that are being replaced. Identify Active, National Guard and Reserve aircraft. Each Service can submit this documentation in formats currently used by each Service, as long as the above information is incorporated.

Entries should include: (1) total overall aircraft inventory; (2) active aircraft inventory, including primary aircraft inventory (with appropriate subcategories for mission aircraft, training aircraft, dedicated test aircraft, etc.), backup aircraft inventory, and attrition/reconstitution reserve; (3) inactive aircraft inventory, including bailments, drones, foreign military sales or other transfers, leases, loans, maintenance training, reclamation, and storage; and (4) the Joint Staff approved inventory requirements.

Not Installed Nonconsumables. Tailor the asset position to elements that pertain to this category. Include a brief explanation in the remarks block to explain why the entire quantity to meet the IO is not being procured. Include memo entries for the entire program inventory objective. Where applicable, the IO will be supported by showing the number of units or activities, by type and quantity required per unit or activity. Example:

	Required
20 Units	40
30 Activities	60
Spares	10
Total IO	110

REMARKS: Identify any items that can be substituted and explain why substitutes cannot be used to satisfy the IO, why expenditures do not represent an accurate portrayal of usage, and any other anomalies.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-21, Production Schedule			Date
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No		Weapon System	P-1 Line Item Nomenclature

		PRODUCTION RATE			PROCUREMENT LEADTIMES					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
List each end item										

								Fiscal Year												**Fiscal Year**											
								Calendar Year												**Calendar Year**											
ITEM	FY	SVC	QTY	DEL	BAL	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
5.56	94	A	.5	.2	.3	.1	.1	.1																						
	95	A	.5	0	.5									.1	.1	.1	.1	.1												
	96	A	.5	0	.5																			.1	.1	.1	.1	.1		
	94	M	.5	0	.5				.1	.1	.1	.1	.1																	
	95	M	.5	0	.5														.1	.1	.1	.1	.1							
	96	M	.5	0	.5																								.1	.4
	96	F	.5	0	.5																									.5

								Fiscal Year												**Fiscal Year**											
								Calendar Year												**Calendar Year**											
ITEM	FY	SVC	QTY	DEL	BAL	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
5.56	94	A	.5	.2	.3	.1	.1	.1																						
	95	A	.5	0	.5									.1	.1	.1	.1	.1												
	96	A	.5	0	.5																			.1	.1	.1	.1	.1		
	95	M	.5	0	.5														.1	.1	.1	.1	.1							
	96	M	.5	0	.5																								.1	.4

REMARKS: Use continuation pages as necessary to complete all procurements. If only one component or item is being delivered, show deliveries on one page.

P-1 Shopping List - Item No 25-5 of 6

Exhibit P-21, Production Schedule
(Exhibit P-21, page 1 of 3)

Instructions - Exhibit P-21, Production Schedule

1. Purpose. The purpose of this exhibit is to provide detailed information with regard to the monthly production of all applicable items.

2. Submission. Exhibit P-21 will be submitted for the budget estimate submission to show the planned contractual production deliveries for Exhibit P-5 cost elements that have a value of $5.0 million or more in budget year 1 or budget year 2. Those items that are supported by an exhibit P-23 do not need a P-21 unless multiple manufacturers produce the items. Exhibit P-21 will be submitted for the President's budget for all Acquisition Category 1 programs and for any other program requiring specific quantity authorization. Each Service, whether a leader or follower, is to provide the delivery schedule for the entire program. This ensures that each Service has the opportunity to adjust procurement quantities in terms of contractor capability to deliver all assets during the funded delivery period.

3. Entries.

a. Entries will be displayed in the same order as they appear on the Exhibit P-5 Cost Analysis.

b. Use "E" for "each," "M" for "millions" and "K" for "thousands" for unit of measure.

c. Production rates should be yearly rates. The following definitions apply.

Minimum Sustaining Rate. This is the production rate that is necessary to keep production lines open while maintaining a base of responsive vendors and suppliers; the quantity that will preclude start-up costs in the case of a production break; or the quantity that the contractor is willing to accept and produce at a reasonable cost

Economical Production Rate. This is the most efficient production rate for each budget year at which the item can be produced with existing or planned plant capacity and tooling, with one shift a day running for eight hours a day and five days a week (1-8-5).

Maximum Production Rate. This is the maximum capacity rate that a contractor can produce with extant or PY planned tooling. Indicate the number of shifts.

d. The following leadtime definitions apply.

Administrative Leadtime (ALT). This is the amount of time required to complete the administrative actions leading to contract award. Since these actions do not require funding, the ALT can be separately identified into prior to October 1 and after October 1. The ALT is used to forecast contract awards. Longer leadtimes require that a larger quantity be purchased to support yearly requirements. Leadtimes should therefore reflect an accurate assessment of the time required to process the administrative actions.

Production Leadtime (PLT). This is the amount of time required by a contractor to produce an item once a contract is awarded. Leadtimes should be based on a realistic projection of a contractor's capability.

Procurement Leadtime. This is the total of ALT (post October 1) and PLT.

e. Where procurements are being made for customers such as the FMS program or another Service, a separate line will be used to reflect each customer's planned buy and phased deliveries with a total provided by item by manufacturer. Use A for Army, N for Navy, AF for Air Force, F for FMS, and O for Other (and explain in the remarks section).

Exhibit P-21 Instructions (Continued)

f. Enter respective schedules for all prior fiscal years with undelivered assets, for CY, BY1, and BY2. In addition, Acquisition Category 1 programs and programs requesting advance procurement funding will also enter schedules for all years of the future years defense plan. Show detail of production by month so that analysis can be accurately performed.

g. Missile Delivery Schedule. A separate P-21 exhibit will be prepared for each missile system reflecting the latest actual deliveries and scheduled outyear requirements. When the missile system includes the procurement of fire units or launching systems within the P-1 line item, the missiles and the major components of the fire unit or launching system (launcher, launch control center, radar set, track vehicle) will be depicted on the P-21 exhibit.

h. Ammunition. The total production plan for hardware items should be displayed to include time-phased schedules for LAP and the major limiting or pacing component as applicable. For Improved Conventional Munitions, display schedules for all major components. Provide separate information in those cases where procurement leadtimes for LAP and major components differ.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Instructions - Exhibit P-21a, Production Schedule, All Types

In addition to the P-21, the Army will submit a P-21a showing "all types" ammunition deliveries for all Services for those items procured through the Single Manager for Conventional Ammunition.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-21a, Production Schedule, All Types

(Exhibit P-21, page 3 of 3)

Exhibit P-22, Ammunition Inventory				Army/Navy/AF/MC Ammunition Inventory as of June 30, PY				Date:	
				Stratification of Assets on Hand					
Nomenclature	SSN	DODIC	Condition Code	CBMR Requirement	Training & Testing Requirement (Included in CBMR)	Contingency Retention Level	Economic Retention Level	Total Qty	Potential Reutilization Qty

Instructions - Exhibit P-22, Ammunition Inventory

1. Purpose. The purpose of this exhibit is to provide visibility into the Single Manager for Conventional Ammunition (SMCA)-owned component inventory and into each of the Service's ammunition inventory.

2. The Services can submit the inventory listing format it currently produces, as long as the information required by this exhibit is presented.

3. Each Service will submit an inventory position listing of all Service-owned ammunition assets. The Army will also provide the SMCA-owned component inventory listing. The Exhibit is not required for the President's budget request.

4. The inventory position will be submitted in support of the Budget Estimate Submission and will be current as of June 30, Past Year (or later, if available).

5. Entries.

Columns 1-4. Enter the appropriate Nomenclature, SSN, DODIC, and Condition Code of each ammunition round in the Service or SMCA-owned inventory.

Columns 5 and 6. Enter the Capability Based Munitions Requirement (CBMR) and the training and testing requirements included in the CBMR.

Columns 7 and 8. Enter the quantity of rounds that the Service or SMCA is retaining for contingency level requirements and economic level considerations. Should these quantities be inordinately large, narrative should be provided to rationalize the quantity.

Column 9. Enter the total quantity of assets on hand.

Column 10. Enter the quantity that could be reutilized.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-23, Time Phased Requirements Schedule	Appropriation/Budget Activity	P-1 Item Nomenclature	Date

	CY				BY1				BY2				BY2+1				BY2+2				BY2+3				BY2+4			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
ACTIVE FORCE INVENTORY																												
SCHOOLS/OTHER TRAINING																												
OTHER																												
TOTAL PHASED REQ																												
ASSETS ON HAND																												
DELIVERY FY & PRIOR																												
FY & PRIOR																												
CY																												
BY1																												
BY2																												
BY2+1																												
BY2+2																												
BY2+3																												
BY2+4																												
TC																												
TOTAL ASSETS																												
QTY OVER (+) OR SHORT (-)																												

D. REMARKS		Rqmt (Qty)	Total Rqmt	Installed	On Hand	PY Prior Undelivered	Unfunded
	APPN -						
	APPN -						
	APPN -						
	PROC LEADTIME	Admin		Initial Order		Reorder	

DD Form 2447, JUN 86

P-1 Shopping List - Item No 20-9 of 10

Exhibit P-23, Time Phased Requirements Schedule
(Exhibits P-23 and P-23a, page 1 of 4)

Exhibit P-23a, Installation Data	P-1 Item Nomenclature	Date
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number	Installing Agent	

1st Qtr		2d Qtr		3d Qtr		4th Qtr		1st Qtr		2d Qtr		3d Qtr		4th Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty

DD Form 2447S. JUN 86

P-1 Shopping List - Item No 5-6 of 9

Exhibit P-23a, Installation Data
(Exhibits P-23 and P-23a, page 2 of 4)

Instructions - Exhibits P-23, Time Phased Requirements Schedules, and P-23a, Installations Data

1. Purpose. The purpose of these exhibits is to provide detailed information with regard to the quarterly requirements and production of all applicable installed items.

2. Submission. The exhibit P-23, supplemented by Exhibit P-23a, will be submitted for all P-1 line items installed and/or components. A P-23 is not required if a P-3a modification exhibit is submitted for the installed item because a schedule is included on the P-3a.

3. Entries.

Time Period Covered by Exhibit P-23. The first fiscal year block represents the current fiscal year. The form provides for a total of 7 years. If the phased requirement for the equipment extends beyond 7 years, insert an additional column at the right edge of the form entitled "Later." Use this last column to reflect the balance of the requirement and/or deliveries.

Line #1. Active Force Inventories. The purpose of this line is to show by quarter, "installation opportunities" for a particular equipment based upon an established schedule. The quantities to be reflected are installed equipment quantities. The line entry is non-cumulative. In those cases where the actual or planned equipment procurement program will not provide sufficient units to meet total opportunities in a particular quarter, the missed opportunities will be shown in parentheses. For example, total opportunities might be 10, but only 6 can be met. This will be shown as 6 (4). Appropriate offsets will be made in this line when it is necessary to have the equipment to be installed on hand in advance of beginning of installation.

Line #2. This line is to be used for installation opportunities not in established schedules and is to be completed in the same manner as line 1.

Line #3. Schools and Other Training. Insert in the appropriate fiscal quarter units required for Schools and Other Training. Indicate "Other" unit requirements by use of an asterisk.

Line #4. Other. This line should reflect phased requirements for all other commodity users such as new construction of end items or MAP/FMS etc.

Line #5. Time Phased Requirements. This is a cumulative line entry and in the first quarter of the first fiscal year on the form is the sum of lines 1 through 4. For the second quarter, line 5 is equal to amount shown on line 5 in the first quarter plus sum of lines 1 through 4 in the second quarter.

Line #6. Assets on Hand. In the first quarter block on line 6, insert the number of equipment on hand at the beginning of the current fiscal year.

Line #7. Enter the planned deliveries from the prior fiscal year and prior programs. This is a non-cumulative line. Indicate appropriation on lines 7-16 when columns are filled.

Line #8. Reflect on this line deliveries from other appropriations financed by prior year programs.

Line #9. Reflect planned deliveries from the current fiscal year program. Also, indicate in the appropriate quarter when the contract for the current fiscal year quantity will be awarded. Identify the type of contract with the following codes:

C	Competitive procurement
SS	Sole Source
CMYP	Competitive multiyear
SSMYP	Sole Source multiyear

Exhibits P-23/P-23a Instructions (Continued)

Line #10. Same as line 9 for current fiscal year when a different appropriation from line 9 is involved.

Lines #11-16. Follow the pattern of lines 9 and 10. Lines 15 and 16 may cover more than one fiscal year program and will reflect the equipment quantity required to fill the total requirement in the "Later" column.

Line #17. For each quarter, this line is the sum of lines 6 through 16 expressed on a cumulative basis as was line 5.

Line #18. Enter the difference between line 5 (total phased requirements) and line 17 (total assets).

Requirement Block (Lower right corner) - This block recaps total requirements by appropriation.

Total Requirement - This is the total ultimate quantity required for installation without regard to when installation will take place.

Installed Qty - Number of units installed prior to the beginning of the current fiscal year.

On Hand Qty - Units that have been delivered but not yet installed.

Prior Years Undelivered - This is the sum of all units due in from prior year, past years, and current year programs plus planned BY1 and BY2 procurements.

Unfunded - This is the quantity still required after BY2.

Reconciliation - The cumulative quantity shown on line 5 is equal to the sum of the on hand quantity, the FY(BY1) and undelivered quantity plus the unfunded quantity.

Procurement Leadtimes. Administrative leadtime is the amount of time after October 1 that is required to award a contract. Initial Order Leadtime means production or manufacturing leadtime and is measured from date of contract award to date of first delivery of equipment. Reorder Leadtime is production leadtime when follow-on procurement is made from previous source.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

P-23a, Time Phased Requirements Schedule

List the end item and/or facilities that are to receive the equipment. Include the quantity to be installed by quarter. Identify the installing agent.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-25, Production Support and Industrial Facilities Cost Analysis					Date					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number					P-1 Line Item Nomenclature and Project Number					
Project Title/Type					End Item Supported Model					
Project Number			Annual Capacity Before Project (1-8-5)		Annual Capacity after Project (1-8-5)					
ELEMENT OF COST	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	Facility Name: _____ Location: _____ Type: (GOGO, GOCO, COCO): _____					
Construction										
Equipment										
Equipment					Related Projects					
Equipment					Project # and Title	FY & Appn	Value	Facing	Start Date	Compl Date
Equipment										
Equipment Install										
Contract Support										
Corps of Engrs										
Other										
Total Fac Costs										
Other-Prove-out										
MILCON					Principal Milestones			Month & Year		
					Concept Design Complete:			_____		
					Final Design Complete:			_____		
					Initial/Final Project Award:			_____		
					Construction Complete:			_____		
					Equipment Installation Complete:			_____		
					Prove out begins:			_____		
					Prove out completes:			_____		
Narrative Explanation										

P-1 Shopping List - Item No 20-1 of 20-20

Exhibit P-25, Production Support and Industrial Facilities Cost Analysis
(Exhibit P-25, page 1 of 2)

Instructions - Exhibit P-25, Production Support and Industrial Facilities Cost Analysis

The P-25 exhibit will be used to display costs for each funded production facilities project at all government owned, government operated (GOGO) and government owned, contractor operated (GOCO) facilities. In addition the exhibit will display the costs associated with a facilities project for those government owned lines that are located at contractor owned, contractor operated (COCO) facilities. The cost categories on the P-25 exhibit represent a number of elements and the list should be tailored to adequately depict the production facility project cost. The sections on the P-25 exhibit are to be completed as follows.

Construction cost should depict the cost for construction that is funded in this line. If construction funds are required that are programmed in another appropriation, these funds and the associated amount should be identified in the Other Costs section.

Equipment Cost should identify the cost for individual equipment (list separately) costing more than $0.5 million and a cumulative cost line for all equipment costing less than $0.5 million.

Equipment Installation Cost should identify the cost to install all the equipment listed.

Contractor Support Cost should identify any cost for contractor support included in the production facility project.

Corps of Engineers Support Cost should identify any cost for the Corps of Engineers support included in the production facility project.

Other In-house Support Cost should identify any cost for other in-house support (excluding the Corps of Engineers support costs) included in the production facility project.

The Other Cost section reflects other costs associated with the project such as facility prove-out cost, military construction appropriation costs, etc.

Facility - Self explanatory.

Related Projects should include prior year and outyear funding required to complete the project.

Industrial Facilities - Provide specific line item identification for each project. Group projects under each appropriate subclassification, such as facility expansion, machine tool replacement, etc.

A DD Form 1391, Military Construction Project Data, is required for each project for proposed construction, alteration, expansion, or modernization of government owned facilities.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-26, Maintenance of Inactive Facilities	Appropriation (Treasury) Code/CC/BA/BSA/Item Control No	Date

Inactive Lines at Active Plants	Facility	Facility Contractor:								
	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Funding											
Description:											

Inactive Lines at Contractor Plants	Contractor									
	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Funding											
Description:											

Inactive Plants	Facility	Facility Contractor:								
	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Funding											
Description:											

P-1 Shopping List - Item No 19-9 of 9

Exhibit P-26, Maintenance of Inactive Facilities
(Exhibit P-26, page 1 of 2)

Instructions - Exhibit P-26, Maintenance of Inactive Facilities

1. The purpose of this exhibit is to provide the funding requirements for the maintenance of inactive facilities, inactive lines at active facilities, and inactive lines at contractor facilities.

2. Provide information as to the types of costs that require funding.

3. List the inactive lines and the ammunition that will be produced if the line is reactivated.

4. Provide description of environmental requirements.

5. Provide detail by facility.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-27, SCN - Ship Production Schedule						Date						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number						P-1 Line Item Nomenclature						
	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
Description (Use continuation pages, as necessary)												

P-1 Shopping List - Item No 21-3 of 5

Exhibit P-27, SCN - Ship Production Schedule
(Exhibit P-27, page 1 of 1)

Exhibit P-29, Shipbuilding and Conversion (SCN) Outfitting Costs									Date:						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number									P-1 Line Item Nomenclature						
Ship Type	Hull No	Prog Year	Del Date	CFO Date	Prior Years	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total
Comments A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.															

Exhibit P-29a, Shipbuilding and Conversion (SCN) Outfitting Costs - Comparison									Date:					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number									P-1 Line Item Nomenclature					
Ship Type	Hull No	Prog Year	Del Date	Prior Years	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total
97PB														
xxx														
xxx														
98BES														
xxx														
xxx														
Delta														
xxx														
xxx														

Comments

This exhibit compares the previous President's budget request to the current Budget Estimate Submission or the current President's budget request as, appropriate.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

P-1 Shopping List - Item No 29-5 of 5

Exhibit P-29a, SCN Outfitting Costs-Comparison
(Exhibit P-29a, page 1 of 1)

Exhibit P-30, Shipbuilding and Conversion (SCN) Post Delivery Costs									Date:						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number									P-1 Line Item Nomenclature						
Ship Type	Hull No	Prog Year	Del Date	Prior Years	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	TC	Total	I D

Comments

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

P-1 Shopping List - Item No 28-8 of 8

Exhibit P-30, SCN Post Delivery Costs
(Exhibit P-30, page 1 of 1)

Exhibit P-30a, Shipbuilding and Conversion (SCN) Post Delivery Costs-Comparison									Date:						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number									P-1 Line Item Nomenclature						
Ship Type	Hull No	Prog Year	Del Date	Prior Years	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	TC	Total	ID
97PB															
xxx															
xxx															
98BES															
xxx															
xxx															
Delta															
xxx															
xxx															

Comments
This exhibit compares the previous President's budget request to the current Budget Estimate Submission or the current President's budget request as, appropriate.

ID Codes: S=NNS; I=INGALLS; E=ELECTRIC BOAT; B=BATH IRON WORKS; A=AVONADE; N=NASCO; O-OTHER

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-32, Procurement Purchases from DWCF
(TOA, $ in Millions)

Appropriation: _____

Business Areas	Current Year	Budget Year 1					Budget Year 2				
Army	CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	%	BY2 Program
411 Army Supply Management											
601 Army Depot Maint-Ord Arm Com											
602 Army Depot Maintenance-Other											
648 Army Information Services											
Navy											
412 Navy Supply Management											
615 Navy Information Services											
633 Defense Printing Service (FY 1996 only)											
Research and Development											
610 Naval Air Warfare Center											
611 Naval Surface Warfare Center											
612 Naval Undersea Warfare Center											
614 Naval Cmd, Ctrl & Ocean Surv Ctr											
630 Naval Research Laboratory											
631 Naval Facilities Engineering Service Ctr											
Depot Maintenance											
613 Depot Maintenance- Aircraft											
632 Depot Maintenance-Ordnance											
637 Depot Maintenance-Ships											
640 Depot Maintenance-Other (USMC)											
Transportation (Sealift Services):											
620 Fleet Auxiliary Force											
621 Afloat Prepositioning Ships											
623 Special Mission Supports											
624 Other Sealift Purchases											
Navy Base Support Services:											
634 Public Works - Utilities											
635 Public Works - Other											
639 Public Works (Composite Rate)											

Exhibit P-32, Procurement Purchases from DWCF

(TOA, $ in Millions)

Business Areas	Current Year	Budget Year 1					Budget Year 2				
Air Force	CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	%	BY2 Program
414 Air Force Supply Management											
649 Air Force Information Services											
653 Transportation (Airlift Svcs (Training))											
Air Force Depot Maintenance:											
661 Organic Operations											
662 Contract											
Defense											
402 Fuel Purchases (DFSC)											
415 DLA Supply Management											
633 Defense Printing Services (beg FY 1997)											
647 Defense Megacenters (DISA)											
650 DLA Information Services											
651 DFAS Information Services											
670 Defense Automatic Addressing Systems											
671 Communications Services (DISA)											
672 Purchases from Pentagon Reservation Maintenance Revolving Fund											
673 Financial Operations (DFAS)											
674 Distribution Depots (DLA)											
675 Def Reutilization & Mktg Svcs (DRMS)											
676 Def Industrial Plant Eqpt (FY 1996 only)											
677 Joint Logistics Systems											
680 Purchases from the Bldg Maint Fund											
USTRANSCOM											
701 AMC Cargo/Passenger (Fund)											
702 AMC SAAM/TJS (Fund)											
711 MSC Cargo (Fund)											
721 MTMC Port Handling (Fund)											

Page No xxx

(Exhibit P-32, page 2 of 3)

Instructions - Exhibit P-32, Procurement Purchases from DWCF

1. Purpose. The purpose of this exhibit is to estimate the amount of new orders planned to be sent to the Defense Business Operations Fund (DWCF) business areas. The Procurement appropriations will report estimates of funding for DWCF business areas on the Purchases from DWCF Exhibits. For each appropriation, the Component will estimate by DWCF business area the amount of new orders planned to be sent to DWCF business areas for the CY, BY1 and BY2. The amounts provided should reflect the amount shown by the DWCF activity on the Fund-11 exhibit. Price growth will reflect the amount of inflation on the difference between fiscal years funding (change in DWCF rates). Program growth will show the change in program absent the effect of inflation. For further guidance, see the instructions for completing the OP-32 exhibit (Chapter 030402). A copy of the P-32 exhibit will also be provided directly to the Revolving Funds Directorate, Room 3B866, the Pentagon.

2. Specific Instructions:

In addition to the guidance above and in the OP-32 Exhibit instructions, the following provides by business area, the types of purchases reported on the P-32 exhibits:

(1) Army, Navy and Air Force Supply Management: obligations for supply purchases from wholesale and retail supply organizations.

(2) DLA Supply Management: obligations for purchases of consumable supplies.

(3) Fuel Purchases (Defense Fuel Supply Center): obligations for fuel for purchases of fuel for aircraft, automobiles, non-nuclear ships, trucks, and heating fuel.

(4) US Transportation Command: travel and transportation obligations for movement of people or goods by military air (Air Mobility Command owned C-17, C-5, or C-141 aircraft or leased commercial aircraft) and military sealift (through Military Traffic Management Command operated port facilities, in Military Sealift Command owned or operated ships).

(5) Defense Finance and Accounting Service (DFAS): obligations for services rendered by DFAS.

(6) Communications Services (DISA): obligations to pay for services provided by the for the Defense Switched Network (formerly AUTOVON, AUTODIN, Bulk Encrypted Communications, Defense Switched Network, Washington Area Wideband System, Defense Information Systems Network, and Defense Data Network) and for information processing, computer services, and software development support provided by the Defense Information Technology Services Organization (DITSO).

(7) Fund Purchases not reported on P-32: Do not report purchases from the following Fund business areas: Defense Logistics Agency Distribution Depots; Navy Distribution Depots; Commissary Operations; and the Defense Reutilization and Marketing Services.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-35, Major Ship Component Fact Sheet
(TOA, $ in Millions)

Ship Type - (SSN-21) Equipment Item - (AN/BSY-2 Combat System) PARM Code - (NAVSEA PMS XXX)

Description/Characteristics/Purpose:

Current Funding	FY 20PY		FY 20CY		FY 20BY1		FY 20BY2	
Major Hardware	Hull	Total FY	Hull	Total FY	Hull	Total FY	Hull	Total FY
Hardware								
Warranty								
Battle Spare/Trainer								
GFE								
Ancillary Equipment								
Test Equipment								
Shipping and Installation Fix								
Technical Data and Documentation								
Spares								
Installation & Checkout								
Installation & Sup Spt								
System Engineering								
Technical Engineering Services								
Contract Field Services								
Govt Field Services								
Other Costs (List separately)								
Other Costs								

Contract Data (major hardware)	Prime Contractor	Contract Award Date (indicate if estimated)	Contract Type	New/Option	Contract Qty	Contract Hardware Unit Cost
PY						
CY						
BY1						
BY2						

Delivery Data	Earliest Ship Delivery Date	Months Required before Delivery	Production Leadtime	Required Award Date
PY				
CY				
BY1				
BY2				

V. Competition/Second-Source Initiatives:

P-1 Shopping List - Item No 30-9 of 30-9

Exhibit P-35, Major Ship Component Fact Sheet
(Exhibit P-35, page 1 of 2)

Instructions - Exhibit P-35, Major Ship Component Fact Sheet

Item: A separate sheet is to be submitted for each component having a unit cost of $3.0 million or more.

Description/Characteristics/Purpose. Self explanatory.

Current Funding. The cost details will be provided for each ship type for which equipment is being procured on a hull basis for the prior year (PY), current year (CY), budget year 1 (BY1) and BY2.

Identify estimates on an end item cost basis. If an equipment was procured in a prior year with advance procurement funds, it should be reflected on the exhibit next to the end cost estimates in parenthesis. The equipment costs in this section of the exhibit will include the building block elements listed below:

Major Hardware
Ancillary Equipment
Technical Data and Documentation
Spares
System Engineering
Technical Engineering Services
Other Costs

Major hardware costs in excess of $20 million must be broken down into sub-element hardware components that comprise the equipment cost estimate included on the P-5a cost analysis.

Contract Data. This section will be prepared for the major hardware procurement. The exhibit will include the contract plans for BY1 and BY2, the planned or actual contract information for the current year (CY) and the actual information for the last buy prior to the current year. The last buy should be included even though it is two or more years prior to the current year. The following codes should be used for indicating contract types: Fixed Price Incentive (FPI); Cost Plus Incentive Fee (CPIF); Fixed Price (FP); Sole Source (SS); and Competitive (C). Indicate whether it is a new contract or an option to an existing contract. Also indicate estimated or actual award dates and item delivery dates. List quantities for each fiscal year and the production leadtime associated with each equipment.

Delivery Data. This section should indicate delivery plans for BY1 and BY2, CY and past year (PY) programs contained in Section II of this exhibit. The required award date entry is determined by subtracting the months required before delivery and production leadtime from the earliest ship delivery date.

Competition/Second Source Initiatives. Describe any competition or second source initiatives associated with major hardware items.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Date: _____

Exhibit P-36, Depot Level Ship Maintenance Schedule
From PY to BY2 + 4

Ship Type	Class	Hull	Name	HP	FY	Type of Avail.	Exec. Act.	Start Date	End Date	O&MN Costs	OPN Costs	Total Mandays

Purpose: The purpose of this exhibit is to provide schedule and budgetary data for the ships planned for a modernization availability using past year (PY), current year (CY), or budget years (BY1 and BY 2) funds in support of the availability.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-36, Depot Level Ship Maintenance Schedule

(Exhibit P-36, page 1 of 1)

Exhibit P-40, Budget Item Justification							Date					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number							P-1 Line Item Nomenclature					
Program Element for Code B Items:					Other Related Program Elements							
	ID Code	Prior Years	PY FY 1998	CY FY 1999	BY1 FY 2000	BY2 FY 2001	BY2+1 FY 2002	BY2+2 FY 2003	BY2+3 FY 2004	BY2+4 FY 2005	To Complete	Total
Proc Qty												
Gross Cost												
Less PY Adv Proc												
Plus CY Adv Proc												
Net Proc (=P-1)												
Initial Spares												
Total Proc Cost												
Flyaway U/C												
Wpn Sys Proc U/C												
Description (Use continuation pages, as necessary)												

P-1 Shopping List - Item No 17-1 of 17-5

Exhibit P-40, Budget Item Justification

(Exhibit P-40, page 1 of 4)

Instructions - Exhibit P-40, Budget Item Justification

1. Purpose. The purpose of this exhibit is to provide overall narrative justification and total procurement costs for each P-1 line item. Include all advance procurement, initial spares and repair parts for acquisition category 1 programs.

2. Submission. A separate P-40 will be submitted to support each P-1 line item with funding of $5.0 million or more in budget year 1 or budget year 2 or $5.0 million or more in either the PY or CY. Funding will be provided for all years displayed on the P-40 for all programs for both the Budget Estimate Submission and the President's budget. If prior year and to complete data are not relevant (i.e., items have a continuing requirement such as vehicles or ammunition), then leave those fields blank. In order to ensure compliance with the Department's policy to fully fund procurement programs, exhibits should reflect all costs and quantities from prior year (PY) through to complete (TC) for those programs buying a finite quantity.

3. Entries.

a. Enter the applicable information that identifies the appropriation number and title, budget activity, procurement line item number, and serial number (the combination of these codes should match the procurement annex). Include the P-1 line item title and identify nicknames in parenthesis. Identify the program element for all Code B items shown on the P-5. Also list all other PEs associated with this procurement.

b. Funding will be presented for all prior years, past year, current year, budget years, FYDP years, to complete, and total on all line items having a finite quantity requirement. It is not relevant to show funding or quantities for items that are continuing requirements such as ammunition or vehicles. It is relevant to show funding for all fiscal years for items being procured to specified quantity, such as aircraft, missiles, or modifications. The funding should agree with the funding approved in the FYDP Procurement Annex. Omit line items that do not apply (for example, ammunition items would not include an initial spares line).

c. A complete narrative description of the line item will be provided. The description will include, but not be limited to, the nature, purpose and intended use of the item with sufficient depth of information to serve as a justification for funding.

d. If the item is a Code B item, provide the month and calendar year, actual or projected, for each applicable DTE, IOT&E, OTE and technical data package (TDP) or performance specification milestone date. TDP is assumed to be the date when all data necessary to initiate the procurement is available. Also provide the planned date for type classification as Standard or Alternate Standard (Army and Air Force) or approved by the CNO or other responsible official (Navy). Provide the nomenclature and model number of each item (as applicable) which will be replaced, as well as the comparative information in definitive terms with units of measure such as range, speed, cycle rate, meantime before failure, useful life, etc. Enter a brief but specific discussion of pertinent test results and development effort to date (successful firings, slippages, test failures, cost overruns, etc.).

e. For those programs that include advance procurement funds that support more than just the next or one subsequent FY program, specific FY detail needs to be provided to identify which FY programs are supported by prior year advance procurement. Advance procurement should be debited and credited according to the leadtimes of the advance procurement. For instance, if FY 1996 and FY 1997 advance procurement funds are required for an FY 1998 procurement, the FY 1996 AP funds would be debited in FY 1996, the FY 1997 AP funds would be debited in FY 1997, and the total of the FY 1996 and FY 1997 AP funds would be credited in FY 1998.

Advance Procurement

FY TOA	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
FY 1996 for FY 1998 (memo)	0.4				
FY 1997 for FY 1998 (memo)		0.4			
FY 1997 for FY 1999 (memo)		0.4			
FY 1998 (memo)			-0.8		
FY 1998 for FY 1999 (memo)			0.4		
FY 1998 for FY 2000 (memo)			0.4		
FY 1999 (memo)				-0.8	
FY 1999 for FY 2000 (memo)				0.4	
FY 1999 for FY 2001 (memo)				0.4	

4. Specific Guidance by Program Type.

a. Shipbuilding and Conversion, Navy Programs. Include the following information:

Mission
Characteristics (hull length overall, beam, displacement, draft)
Armament
Major Electronics
Production status, by hull
- Contract Award Planned (Month/Year)
- Months to Complete
  - a) Award to Delivery
  - b) Construction
- Start to Delivery
- Delivery Date
- Completion of Fitting Out
- Obligation Work Limiting Date (OWLD)

The P-40 must list all Service and Other Small Craft Items by types and provide funding for all years still being executed.

b. Modification Programs. For procurement modification programs the P-40 exhibit shall include the following information. A complete narrative description of the weapon system, its overall mission, number of aircraft in the inventory (include a breakout by Active, National Guard and Reserve), the designed service life, and the average service life remaining. The exhibit will, just below the narrative, include the specific modifications budgeted and programmed displayed in the format provided below:

Mod/		Total	(TOA, $ in Millions)									
OSIP No.	Title	PYs	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	TC	Total

Mod/OSIP No. Enter the modification number as applicable. List each modification on the aircraft P-40 exhibit. All P-3a exhibits must be included in the budget backup book in this numerical order.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

(Exhibit P-40, page 4 of 4)

Exhibit P-40a, Budget Item Justification for Aggregated Items													Date
Appropriation/Budget Activity													
Procurement Items	ID Code	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
List all items													
Include qty													

P-1 Shopping List - Item No 20-2 of 20-2

Exhibit P-40a, Budget Item Justification for Aggregated Items

(Exhibit P-40a, page 1 of 2)

Instructions - Exhibit P-40a, Budget Item Justification for Aggregated Items

1. Purpose. The purpose of this exhibit is to provide the quantities and funding covering the procurement programs included in aggregated P-1 line items such as "Items Less Than $5.0 million." A P-5 is not required for items included on a P-40a.

2. Entries.

a. Enter the applicable information that identifies the appropriation, budget activity, and title. There should be no Code B (not approved for service use) items on the P-40a. If an item is a Code B item, however, the item must be listed as separate line items in the P-1, P-5 and P-40 exhibits.

b. Funding will be presented for all prior years, past years (PY), current year (CY), budget years (BY1 and BY2). The funding should agree with the funding approved in the FYDP Procurement Annex.

c. Spares. Funding will be presented for PY, CY, BY1 and BY2.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Exhibit P-45, Summary of Reimbursables
(TOA, Dollars in Millions)

Appropriation:

P-1 Line Item	PY Qty	PY Actual Reimb.	CY Qty	CY Est. Reimb.	BY1 Qty	BY1 Est. Reimb.	BY2 Qty	BY2 Est. Reimb.
P-1 Program Title								
Customer A								
Customer B								
Total								

Exhibit P-45, Summary of Reimbursables

(Exhibit P-45, page 1 of 2)

Instructions - P-45, Summary of Reimbursables

This exhibit will be prepared for all procurement appropriations for which reimbursable authority has been used in the PY or CY or is requested for the BY1 or BY2.

This exhibit will reflect reimbursable funding received or requested for each customer from a P-1 line item. For FMS customers, specify each country as a separate customer. Specifically identify other customers.

The totals on this exhibit should reflect the total amount of reimbursements anticipated as submitted in the Budget Estimates Submission and the President's budget request.

Verify that funding included on the P-45 from other Services is in fact budgeted in that Service's budget. With the exception of ammunition being procured through the Single Manager for Conventional Ammunition, explain why a procurement for another Service is being financed through a reimbursable order rather than a direct cite purchase.

A Service-generated or Defense Agency-generated exhibit can be used in lieu of this exhibit as long as it includes all the information required by this exhibit.

Date: _____

Exhibit MYP-1, Multiyear Procurement Criteria

Program_____

1. Multiyear Procurement Description.
2. Benefit to the Government.
   a. Substantial Savings
   b. Stability of Requirement
   c. Stability of Funding
   d. Stable Configuration
   e. Realistic Cost Estimates
   f. National Security
3. Source of Savings — $ in Millions

Inflation
Vendor Procurement
Manufacturing
Design/Engineering
Tool Design
Support Equipment
Other
Total

P-1 Shopping List - Item No 20-1 of 20-5

Exhibit MYP-1, Multiyear Procurement Criteria (Continued)

Program_____

4. Advantages of the MYP

5. Impact on Defense Industrial Base

6. Multiyear Procurement Summary

	Annual Contracts	Multiyear Contract
Quantity		
Total Contract Price		
Cancellation Ceiling (highest point)		
Funded		
Unfunded		
$ Cost Avoidance Over Annual		
% Cost Avoidance Over Annual		

P-1 Shopping List - Item No 20-2 of 20-5

(MYP, page 2 of 8)

Exhibit MYP-2, Total Program Funding Plan						Date				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No						P-1 Line Item Nomenclature				
	BY 1	BY 2	BY 2+1	BY 2+2	BY 2+3	BY 2+4	BY 2+5	BY 2+6	BY 2+7*	Total
Procurement Quantity										
Annual Procurement										
Gross Cost										
Less PY Adv Procurement										
Net Procurement (= P-1)										
Plus CY Adv Procurement										
Weapon System Cost										
Multiyear Procurement										
Gross Cost (P-1)										
Less PY Adv Procurement										
Net Procurement (= P-1)										
Advance Procurement										
For BY 1	19.0									19.0
For BY 2		37.8								37.8
For BY 2+1		48.2	67.4							115.6
For BY 2+2		48.7	54.3	41.4						144.4
For BY 2+3		48.2	54.3	28.2	37.2					167.8
Plus CY Adv Procurement	19.0	182.9	176.0	69.6	37.2					484.7
Weapon System Cost										
Multiyear Savings ($)										
Multiyear Savings (%) (total only)										
Cancellation Ceiling -Funded										
Cancellation Ceiling -Unfunded										
Outlays										
Annual										
Multiyear										
Savings										
Remarks.										

P-1 Shopping List - Item No 20-3 of 20-5

Exhibit MYP-2, Total Program Funding Plan
(MYP, page 3 of 8)

Exhibit MYP -3, Contract Funding Plan					Date					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No					P-1 Line Item Nomenclature					
	BY 1	BY 2	BY 2+1	BY 2+2	BY 2+3	BY 2+4	BY 2+5	BY 2+6	BY 2+7*	Total
Procurement Quantity										
Annual Procurement										
Gross Cost										
Less PY Adv Procurement										
Net Procurement (= P-1)										
Plus CY Adv Procurement										
Contract Price										
Multiyear Procurement										
Gross Cost (P-1)										
Less PY Adv Procurement										
Net Procurement (= P-1)										
Advance Procurement										
For BY 1	18.6									18.6
For BY 2		30.0								30.0
For BY 2+1		48.2	54.3							102.5
For BY 2+2		48.7	54.3	28.2						131.1
For BY 2+3		48.2	54.3	28.2	23.7					154.3
Plus CY Adv Procurement	18.6	175.1	162.8	56.4	23.7					436.5
Contract Price										
Multiyear Savings ($)										
Multiyear Savings (%) (total only)										
Cancellation Ceiling -Funded										
Cancellation Ceiling -Unfunded										
Outlays										
Annual										
Multiyear										
Savings										
Remarks. Explain assumptions (outlay rate, contractor termination liability, other - explain what's behind the numbers).										

P-1 Shopping List - Item No 20-4 of 5

Exhibit MYP-3, Contract Funding Plan
(MYP, page 4 of 8)

Exhibit MYP-4 Present Value Analysis						Date				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No						P-1 Line Item Nomenclature				
	BY 1	BY 2	BY 2+1	BY 2+2	BY 2+3	BY 2+4	BY 2+5	BY 2+6	BY 2+7	Total
Annual Proposal										
Then Year Cost										
Constant Year Cost										
Present Value										
Multiyear Procurement										
Then Year Cost										
Constant Year Cost										
Present Value										
Difference										
Then Year Cost										
Constant Year Cost										
Present Value										

Remarks

Explain assumptions (outlay rate, contractor termination liability, other - explain what's behind the numbers).

P-1 Shopping List - Item No 20-5 of 20-5

Exhibit MYP-4, Present Value Analysis
(MYP, page 5 of 8)

Multiyear Procurement Guidance

1. All multiyear procurements, regardless of cost, require the use of a present value analysis (MYP-4) to determine lowest cost compared to an annual procurement. Exhibits MYP-1 through MYP-4 will be included for all MYP candidate systems in the budget estimate submission. The President's budget request will include P-5a MYP-annotated entries for those multiyear programs not requiring congressional authority and Exhibits MYP-1 through MYP-4 for all multiyear candidate systems for which any of the following is true:

- The anticipated multiyear procurement contract is $500 million or greater.
- There are economic order quantity (EOQ) procurements in excess of $20 million in any one year.
- There are economic order quantity (EOQ) procurements in advance of an MYP contract in excess of $20 million in any one year.
- There will be an unfunded contingent liability in excess of $20 million in any one year.
- The procurement quantities of a previously approved MYP have been adjusted.

2. If a system proposed for a multiyear contract includes more than one P-1 line item, prepare combined MYP-1 and MYP-2 exhibits. Prepare separate exhibits for the remaining MYP exhibit formats. All the exhibits associated with this system should be combined in one package, and submitted in numerical order, i.e., MYP-1, MYP-2, MYP-3[1], MYP-3[2], etc.

3. If multiple MYPs are proposed for components of the same P-1 line item, prepare a separate set of exhibits for each. Note that the MYP-3 will be the same in each package.

4. If a joint Service program is proposed for multiyear procurement, the executive Service is responsible for submission of all multiyear exhibits.

5. Exhibits are to display actual fiscal years rather than the template years.

6. Exhibits will be submitted in landscape format.

7. See Section 0102 for additional multiyear procurement guidance.

Instructions - MYP-1 Multiyear Procurement Criteria

1. Description: Provide a brief statement describing the multiyear procurement, i.e., this multiyear procurement will procure "x" number of units over "x" number of fiscal years by using one (or more) multiyear contract.

2. Benefit to the Government. The process of deciding to use or not to use a multiyear procurement (MYP) for production programs as well as how best to tailor and structure MYP requires management judgment. A multiyear procurement should yield substantial cost avoidance or other benefits when compared to conventional annual contracting methods. MYP structures with greater risk to the government should demonstrate increased cost avoidance or other benefits over those with lower risk. Savings can be defined as significant either in terms of dollars or percentage of total cost. This paragraph must include as a minimum the following narrative justification and data:

a. Substantial Savings. The use of a multiyear contract will result in substantial savings of the total anticipated costs of carrying out the program through annual contracts.

b. Stability of Requirement. The minimum need for the property to be purchased is expected to remain substantially unchanged during the contemplated contract period in terms of production rate, procurement rate, and total quantities. The item should be technically mature, have completed RDT&E (including development testing, or equivalent) and Initial Operational, Test and Evaluation (IOT&E), with relatively few changes in item design anticipated. Deliveries of production items will indicate that the underlying technology is stable. This does not mean that changes will not occur but that the estimated cost of such changes is not anticipated to drive total costs beyond the proposed funding profile

c. Stability of Funding. There is a reasonable expectation that throughout the contemplated contract period, the head of the agency will request funding for the contract at the level required to avoid contract cancellation.

d. Stable Design. There is a stable design for the property to be acquired and the technical risks associated with such property are not excessive.

e. Realistic Cost Estimates. The estimates of the cost of the contract and the anticipated cost avoidance through the use of a multiyear contract are realistic. Estimates should be based on prior cost history for the same or similar items or proven cost estimating techniques. Normally, production assets should have been delivered in order to obtain actual costs for the comparisons (exceptions include satellites and ships).

f. National Security. Use of a multiyear contract will promote the national security of the United States.

3. Source of Savings. Identify the detailed sources of savings, to include, as appropriate, inflation, vendor procurement, manufacturing, design/engineering, tool design, and support equipment. Each identified source of savings must include a narrative description of the specific savings, an estimate for that specific source and how the estimate was derived. The sum of the detailed sources of savings should equal the total savings.

4. Advantages of MYP. Identify the advantages the MYP will achieve and how they will achieve them. These advantages could include: production of items in economic order quantities, thereby resulting in lower costs; enhancement of standardization; reduction of administrative burden in the placement and administration of contracts; substantial continuity of production or performance, thus avoiding annual startup costs, pre-production testing costs, make-ready expenses, and phase-out costs; stabilization of contractor and subcontractor work forces; avoiding the need to establish quality control techniques and procedures for a new contractor each year; broadening the competitive base with opportunity for participation by firms not otherwise willing or able to compete for lesser quantities, particularly in cases involving high startup costs; providing incentives to contractors to improve productivity through investment in capital facilities, equipment, and advanced technology; enhancing partnering efforts between contractors/government and prime contractor/subcontractor; providing stable environment; and enhancing best commercial practices.

5. Impact on Industrial Base. The MYP justification should include a narrative that addresses the impact of the MYP on the industrial base in terms of both the prime contractor and the vendors/subcontractors, to include the following topics: improved competition, enhanced investment, improvement in vendor skills, training programs, use of multiyear contractors (vendors), and increased production capacity.

6. Multiyear Procurement Summary. List all comparisons from the MYP exhibits. The Department's policy is to not have unfunded cancellation ceilings; however, if a program is structured with an unfunded cancellation, reflect those costs on this exhibit and explain fully why the program must be structured with one.

Instructions - MYP 2 Total Program Funding

This chart will compare the funding for the annual proposal and the multiyear proposal. If there are multiple MYPs proposed for the same line item, the annual program should reflect only annual procurements and the multiyear program should reflect funding for all the proposed multiyear programs. Compare the same number of procurement years and same quantity in each year for the annual proposal and for the multiyear proposal. Explain the categories of costs included in the cancellation ceiling. Use as many columns as necessary to display outlays until liquidated. Use the same number of years for both annual and multiyear contract.

Instructions - MYP 3 Total Contract Funding

This chart will compare the funding for the annual proposal and the multiyear proposal for the multiyear contract. Compute savings for the same number of procurement years and same quantity in each year under an annual proposal and under a multiyear proposal. Explain the categories of costs included in the cancellation ceiling. Use as many columns as necessary to display outlays until liquidated. Use the same number of years for both annual and multiyear contract. The Services and Defense Agencies should perform an independent analysis of the cost and benefits of the contractor's proposal. Explain assumptions (outlay rate, contractor termination liability, other - explain what's behind the numbers). The total TOA difference on this chart will agree with the cost avoidance over annual line on Exhibit MYP-2 for each MYP contract. The Department's policy is to not have unfunded cancellation ceilings; however, if a program is structured with an unfunded cancellation, reflect those costs on this exhibit and explain fully why the program must be structured with one.

An exception, to be approved by the USD Comptroller, is needed to structure a contract with an unfunded cancellation ceiling. Justification explaining why an unfunded cancellation ceiling is the chosen acquisition strategy should be provided. This justification should specify what costs comprise the unfunded cancellation ceiling and why these costs are not funded under the full funding policy.

- Funds obligated for multiyear contracts must be sufficient to cover any potential termination costs. The costs of cancellation or termination may be paid from (1) appropriations originally available for the performance of the contract concerned; (2) appropriations currently available for procurement of the type of property concerned, and not otherwise obligated; or (3) funds appropriated for those payments.

Instructions - MYP 4 Present Value Analysis

This exhibit will be prepared for the contract values. Then year costs will agree with the outlay amounts contained on MYP-3. Constant costs will be expressed in budget year costs unless specified otherwise in the memorandum requesting submission of the budget. Compute savings for the same number of procurement years and same quantity in each year under an annual proposal and under a multiyear proposal. Present value analysis will be calculated in accordance with DoD Instruction 7041.3 and OMB Circular A-94.

CHAPTER 5
RESEARCH, DEVELOPMENT, TEST AND EVALUATION APPROPRIATIONS
Table of Contents

0501 GENERAL 1
050101 Purpose 1
050102 Submission Requirements 1
050103 Not Used 1
050104 Preparation of Material 1
050105 References 1
0502 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION 2
050201 RDT&E Budget Activities 2
0503 BUDGET ESTIMATES SUBMISSION 4
050301 Purpose 4
050302 Submission Requirements 4
0504 CONGRESSIONAL JUSTIFICATION/PRESENTATION 6
050401 Purpose 6
050402 Organization of Justification Books 6
0505 RDT&E APPROPRIATION SUBMISSION FORMATS 8
050501 Purpose 8
050502 Exhibits in Support of Section 0503 - Budget Estimates Submission 9
050503 Exhibits in Support of Section 0504 - Congressional Justification 9

CHAPTER 5

★June 2000

RESEARCH, DEVELOPMENT, TEST AND EVALUATION APPROPRIATIONS

0501 GENERAL

050101 Purpose

This chapter provides instructions applicable to budget formulation and congressional justification for Research, Development, Test, and Evaluation (RDT&E) appropriations. The following appropriations and accounts are included in RDT&E:

- RDT&E, Army (2040A)
- RDT&E, Navy (1319N)
- RDT&E, Air Force (3600F)
- RDT&E, Defense-Wide (0400D)
- Operational Test and Evaluation, Defense (0460D)

050102 Submission Requirements

General guidance on submission requirements is in Chapter 1. Chapter 5 provides additional specific requirements on justification material for the above appropriations and accounts. The above appropriations and accounts shall also submit applicable exhibits required by other chapters in the FMR. The Components will also submit any exhibits required by OMB Circular A-11, Preparation and Submission of Budget Estimates.

050103 Not Used

050104 Preparation of Material

General guidance on format and preparation of material is presented in Chapter 1. Chapter 5 provides additional specific requirements on justification material required for RDT&E appropriations. All funding associated with each major system new start shall be identified in a unique program element.

050105 References

Section 010210 provides policies and definitions concerning costs that are to be financed in RDT&E.

0502 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION

050201 RDT&E Budget Activities

Definitions for RDT&E budget activities are contained in OMB Circular A-11, paragraph 84.4.

Budget Activity 1, Basic Research. Basic research is defined as systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Explanation: Basic research includes all effort of scientific study and experimentation directed toward increasing fundamental knowledge and understanding in those fields of the physical, engineering, environmental, and life sciences related to long-term national security needs. It provides farsighted, high payoff research that provides the basis for technological progress. It forms a part of the base for: (a) subsequent applied research and advanced technology developments in Defense-related technologies, and (b) new and improved military functional capabilities in areas such as communications, detection, tracking, surveillance, propulsion, mobility, guidance and control, navigation, energy conversion, materials and structures, and personnel support. Program elements in this category involve pre-Milestone 0 efforts.

Budget Activity 2, Applied Research. Applied research is defined as systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met. It is a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. Explanation: This activity translates promising basic research into solutions for broadly defined military needs, short of development projects. This type of effort may vary from systematic mission-directed research beyond that in Budget Activity 1 to sophisticated bread-board hardware, study, programming and planning efforts that establish the initial feasibility and practicality of proposed solutions to technological challenges. It includes studies, investigations, and non-system specific technology efforts. The dominant characteristic of this category of effort is that it be pointed toward specific military needs with a view toward developing and evaluating the feasibility and practicability of proposed solutions and determining their parameters. Applied Research precedes the system specific research described in DoDD 5000.1. Program control of the Applied Research program element will normally be exercised by general level of effort. Program elements in this category involve pre-Milestone 0 efforts, but not all pre-Milestone 0 efforts are funded in Budget Activity 2. Some efforts are introduced by field activities.

Budget Activity 3, Advanced Technology Development. Includes all efforts that have moved into the development and integration of hardware for field experiments and tests. The results of this type of effort are proof of technological feasibility and assessment of operability and producibility rather than the development of hardware for service use. Projects in this category have a direct relevance to identified military needs. Advanced Technology Development is used to demonstrate the general military utility or cost reduction potential of technology when applied to different types of military equipment or techniques. Advanced Technology Development also includes evaluation and synthetic environment and proof-of-principle demonstrations in field exercises to evaluate system upgrades or provide new operational capabilities. Program elements in this category involve pre-Milestone I efforts, but not all pre-Milestone I efforts are funded in Budget Activity 3. Some efforts are introduced by field activities. Projects in this category do not necessarily lead to subsequent development or procurement phases.

Budget Activity 4, Demonstration and Validation. The demonstration and validation (Dem/Val) phase includes all efforts necessary to evaluate integrated technologies in as realistic an operating environment as possible to assess the performance or cost reduction potential of advanced technology. The Dem/Val phase is system specific and also includes advanced technology demonstrations that help expedite technology transition from the laboratory to operational use. Program elements in this category involve efforts between Milestone I and Milestone II. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP.

Budget Activity 5, Engineering and Manufacturing Development (EMD). Includes those projects in engineering and manufacturing development for Service use but which have not received approval for full-rate production. This area is characterized by major line item projects and program control will be exercised by review

of individual projects. Engineering Development includes engineering and manufacturing development projects consistent with the definitions within DoDD 5000.1. Program elements in this category involve efforts between Milestone II and Milestone III. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP consistent with the Department's full funding policy.

Budget Activity 6, RDT&E Management Support. Includes research and development effort directed toward support of installations or operations required for general research and development use. Included would be test ranges, military construction, maintenance support of laboratories, operation and maintenance of test aircraft and ships, and studies and analyses in support of the R&D program. Costs of laboratory personnel, either in-house or contractor operated, would be assigned to appropriate projects or as a line item in the Basic Research, Applied Research, or Advanced Technology Development program areas, as appropriate. Military construction costs directly related to a major development program will be included in the appropriate element.

Budget Activity 7, Operational System Development. Includes those development projects in support of development acquisition programs or upgrades still in engineering and manufacturing development, but which have received Defense Acquisition Board (DAB) or other approval for production, or production funds have been included in the DoD budget submission for the budget or subsequent fiscal year. All items in this area are major line item projects that appear as RDT&E Costs of Weapon System Elements in other programs. Program control will be exercised by review of individual projects. Program Elements in this category involve efforts that involve post-Milestone III. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP, consistent with the Department's full funding policy.

0503 BUDGET ESTIMATES SUBMISSION

050301 Purpose

This Section prescribes instructions for the preparation and submission of the budget estimates for the RDT&E appropriations. Unless otherwise specified, these instructions apply to all RDT&E appropriations and to all budgets. See Chapter 1, Section 0104, for specific printing requirements.

050302 Submission Requirements

A. Administrative Requirements.

1. Classification. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

2. Exhibits will display the actual fiscal years (i.e., PYs, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004.) rather than the template entries (i.e., PYs, PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4).

3. If an amended budget is submitted, identify the revised budget exhibits accordingly.

4. All pages will be annotated with the applicable R-1 line item number and page number within the line item (Item 1-1 of 5, 1-2 of 5, 2-1 of 1, 3-1 of 20, etc.) at the bottom center or bottom right of each page. Be consistent for all pages of the backup book.

5. If printing the RD&TE material in one volume is impractical, the justification material can be submitted by budget activity with the Science and Technology budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each volume should include an R-1 listing and a table of contents indicating which volume and page the applicable program element can be found. The justification material will be entitled

Fiscal Year 20BY1/20BY2 Budget Estimate Submission
RDT&E Descriptive Summaries, Volume I
February 1999

B. Service-generated and Defense Agency-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the exhibits. The exhibits will be aggregated in the following order for each R-1 line item and submitted in R-1 line item order. The required exhibits shall be packaged in the following order, as applicable: R-2 (PE 1), R-2a (PE 1, Project A), R-3 (PE 1, Project A), R-2a (PE 1, Project B), R-3 (PE 1, Project B), etc.

Arrangement of Exhibits - General

R-33	Introduction and Explanation of Contents
R-1	RDT&E Program
R-1C	RDT&E Program - Comparison Report
R-2	RDT&E Budget Item Justification
R-2a	RDT&E Project Justification
R-3	RDT&E Project Cost Analysis
R-32	RDT&E Purchases from DWCF
DD 1391	Military Construction Project Data

C. Facilities Exhibit. For improvements to and construction of government-owned facilities funded in RDT&E, a DD Form 1391, Military Construction Project Data, will be provided separately for each budget year project and any PY or CY projects not previously reported. These exhibits will be included with the program element justification. In addition, a copy of all DD Forms 1391 should be packaged together and a copy provided to the OUSD(C) P/B Investment Directorate (4B915) and to the Military Construction Directorate (3D840). A copy of the form and the instructions are in Chapter 6.

D. MAX Schedule C. OMB Circular No. A-11 has incorporated the requirements for this research and development exhibit into the automated MAX schedule C. Subsequent instructions will be provided by the Director for Investment, OUSD(C) regarding the specific requirements for this submission to OMB's MAX system.

0504 CONGRESSIONAL JUSTIFICATION/PRESENTATION

050401 Purpose

This Section presents the justification book organization and the exhibit requirement for submission to Congress. Preferred budget exhibit formats can be found in Section 0505. See Chapter 1, Section 0104, for specific printing requirements.

050402 Organization of Justification Books

A. Administrative Requirements.

1. Classification. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

2. Exhibits will display the actual fiscal years (i.e., PYs, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004.) rather than the template entries (i.e., PYs, PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4).

3. All pages will be annotated with the applicable R-1 line item number and page number within the line item (Item 1-1 of 5, 1-2 of 5, 2-1 of 1, 3-1 of 20, etc.) at the bottom center or bottom right of each page. Be consistent for all pages of the backup book.

4. If printing the RD&TE material in one volume is impractical, the justification material can be submitted by budget activity with the Science and Technology budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each volume should include an R-1 listing and a table of contents indicating which volume and page the applicable program element can be found.

B. Justification material will be entitled:

RDT&E Descriptive Summaries for
Fiscal Year 20BY1/20BY2 President's Budget
February 1999
Volume I

C. Service-generated and Defense Agency-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the exhibits. The exhibits will be aggregated in the following order for each R-1 line item and submitted in R-1 line item order. The required exhibits shall be packaged in the following order, as applicable: R-2 (PE 1), R-2a (PE 1, Project A), R-3 (PE 1, Project A), R-2a (PE 1, Project B), R-3 (PE 1, Project B), etc.

Arrangement of Exhibits - General

R-1	RDT&E Program (OSD Generated) (Include in the backup book, if available.)
R-2	RDT&E Budget Item Justification
R-2a	RDT&E Project Justification
R-3	RDT&E Project Cost Analysis
DD 1391	Military Construction Project Data

D. Facilities Exhibit. For improvements to and construction of government-owned facilities funded in RDT&E, a DD Form 1391, Military Construction Project Data, will be provided separately for each budget year project and any PY or CY projects not previously reported. These exhibits will be included with the program

element justification. In addition, a copy of all DD Forms 1391 should be packaged together and a copy provided to the Military Construction Directorate (3D840). A copy of the form and the instructions are in Chapter 6.

E MAX Schedule C. OMB Circular No. A-11 has incorporated the requirements for this research and development exhibit into the automated MAX schedule C. Subsequent instructions will be provided by the Director for Investment, OUSD(C) regarding the specific requirements for this submission to OMB's MAX system.

0505 RDT&E APPROPRIATION SUBMISSION FORMATS

050501 Purpose

The formats provided on the following pages reflect requirements presented in previous sections of this chapter. Formats currently being used within each Service and Defense Agency may be used in lieu of the formats contained in Section 050502 as long as all of the information required by the exhibits in Section 050502 is provided. With this exception and unless modified in an Office of the Under Secretary of Defense (Comptroller) budget submission memorandum, the formats in these exhibits shall be adhered to.

050502 Exhibits in Support of Section 0503 - Budget Estimates Submission

R-33, Program Element Comparison Summary 10
R-1, RDT&E Programs 12
R-1C, RDT&E Programs - Comparison Report 13
R-2, RDT&E Budget Item Justification 14
R-2a, RDT&E Project Justification 15
R-3, Project Cost Analysis 18
R-32, RDT&E Purchases from DWCF 22

050503 Exhibits in Support of Section 0504 - Congressional Justification

R-1, RDT&E Programs 12
R-2, RDT&E Budget Item Justification 14
R-2a, RDT&E Project Justification 15
R-3, Project Cost Analysis 18

INTRODUCTION AND EXPLANATION OF CONTENTS

1. General. This document provides summary information on RDT&E programs for the (Component/Defense Agency Research, Development, Test and Evaluation (RDT&E) program elements and projects in the) FY 20BY1/20BY2 budget. The R-2, R-2a, and R-3 exhibits provide narrative information on all RDT&E program elements and projects.

2. Comparison of FY 20PY and 20CY Data. A direct comparison of FY 20PY and FY 20CY data in the R-1 exhibit dated (a year previous) will reveal significant differences. Many of the differences are attributable to the following factors:

a. FY 20CY reductions as a result of Congressional action on the appropriation (if applicable).

b. FY 20PY funding changes subsequent to October 1, 20CY, including RDT&E Reprogramming Actions and a Supplemental Appropriation (if applicable).

c. Reclassification of FY 20PY and FY 20CY data to achieve comparability with the program structure for FY 20BY1/20BY2. (If applicable, add short explanation.)

3. Relationship of FY 20BY1/20BY2 Budget Structure to the FY 20CY Budget Approved by Congress.

a. Provide a list explaining the origin of all program elements that do not appear on the Base for Reprogramming Action (DD 1414) for RDT&E (DoD Component) which was prepared pursuant to final Congressional action of the FY 20CY DoD Budget Submission to Congress.

b. Provide a list of all new starts, identified at the project level.

c. Provide a list explaining any program terminations or anticipated terminations.

4. Classification. Classified information is identified by use of brackets as [ ]. It is preferred that this information be unclassified. If it is necessary to provide classified information, then it should be submitted separately. Identify the program elements that contain classified information to be submitted separately.

5. Table of Contents. The Table of Contents is presented in two different formats - by R-1 line item order and alphabetically. Each of these listings must include the program element number, program element title, R-1 line item number, the appropriate page number, and volume.

INTRODUCTION AND EXPLANATION OF CONTENTS

Program Element	Remarks
Budget Activity 3: Advanced Technology Development	
0603710N Man-Machine Technology	Provide the PE number and title of the previous PE(s). Example: New program element for effort previously included in Program Elements 0603707N, Acoustics, 0603720N, Communications, and 0603727N, Training.
Budget Activity 4: Demonstration and Validation	
0603209N Underwater Weapons	New program proposed for FY 20BY1 Acceptance Testing
0603382N Battle Group Anti-Air Warfare Coordination	New program element for Project S0324, Battle Group Anti-Air Warfare Coordination, previously included in Program Element 0604303N.
0603506N Surface Ship Torpedo Defense	Existing program element for effort last funded in FY 20PY
0603576N CHALK EAGLE	New program proposed for FY 20BY2
0603590N Wide Aperture Array (Advanced) 0603504N	New program element for Project S0222, Wide Aperture Array previously included in PE
0604228N SH-60 Carrier Variant	New program proposed for FY 20BY1

(Exhibit R-33, page 2 of 2)

Exhibit R-1, RDT&E Programs

Department of the _____

Appropriation: _____ **Date: _____**

R-1 Line Item No	Program Element Number	Item	Budget Activity	Past Year Cost	Current Year Cost	Budget Year 1 Cost	Budget Year 2 Cost
					TOA, $ in Millions		

Exhibit R-1, RDT&E Programs
(Exhibit R-1, page 1 of 2)

Instructions - Exhibit R-1, RDT&E Programs

I. General.

A. Unless otherwise specified, this format will be used to present the Research, Development, Test and Evaluation (RDT&E) program to:

1. The Office of the Under Secretary of Defense (Comptroller) in support of the OSD/OMB budget review.

2. The Congress, in support of the President's budget request.

II. RDT&E Line Item Content.

A. The basic document for presenting RDT&E requirements is the Exhibit R-1, RDT&E Programs, provided to the Congress as supporting justification for budget requests. The R-1 line items are program elements, which define a development effort with specific design, cost, schedule and capability parameters. All costs of basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, and lease/operation of facilities and equipment will be included in appropriate R-1 line items.

B. The R-1 exhibit will contain the following information:

1. Program element title and number. Appropriate security classification coding should be included as part of each program element title listed. All classified material should be bracketed.

2. Line items will be arranged in ascending program element order within each budget activity.

3. Approved funding for the past year (PY), the current year (CY), budget year 1 (BY1), and BY2.

4. Summaries by (1) Budget Activities and (2) FYDP Programs.

Exhibit R-1C, RDT&E Programs - Comparison Report

In addition to the instructions for the R-1, the R-1C Comparison Report will provide a comparison between the last President's budget request and the budget estimate submission (BES) for the BES and between the last President's budget (PB) request and the current PB request for the PB. The comparison should identify the changes for each RDT&E appropriation by R-1 line item and by project. If a line item has more than one project, then a comparison total should be provided at the project level, the R-1 line item, the budget activity total level, and the appropriation level. The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. If it is necessary to submit classified data, then it should be submitted in a separate report. The unclassified report must match the total for the appropriation/account being submitted. This report will not be included in the justification material provided to the Congress. The R-1C replaces the project listing.

Exhibit R-1C, RDT&E Programs - Comparison Report

(Exhibit R-1, page 2 of 2)

Exhibit R-2, RDT&E Budget Item Justification									Date: Month/Year	
APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.					
COST ($ in Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2 +1	FY BY2 +2	FY BY2 + 3	FY BY2 + 4	Cost to Complete	Total Cost
Total PE Cost										
Project A Name/No. & subtotal cost										
Project B Name/No. & subtotal cost										
Project C Name/No. & subtotal cost										
Quantity of RDT&E Articles										

A. Mission Description and Budget Item Justification [The software should be embedded for web site formatting.]

Provide a description of the program and narrative justification.

Identify the military requirement(s) that this program is being designed to meet.

Identify new start efforts for the budget year(s) within the program element. Also identify new start efforts since the previous President's budget. This information can be displayed on the R-2a, if one is submitted, rather than on the R-2.

B. Program Change Summary: (show total funding, schedule, and technical changes for the program element that have occurred since the last submission).

C. Other Program Funding Summary

PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total Cost

P-1 Procurement Line Item No, Name. Provide related funding detail as indicated. Use a continuation page as necessary.

C-1 Milcon Project No, Name. Provide related funding detail as indicated. Use a continuation page as necessary.

Related RDT&E: List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E programs.

D. Acquisition Strategy: *

E. Schedule Profile. Include the program milestone chart that reflects Engineering Milestones, T&E Milestones, and Other Program Events for all years of the program, not just through BY2. *

*Not required for Budget Activities 1, 2, 3, and 6.

If an Exhibit R-2a is required, complete only sections A and B on the R-2 (summarize for the program element). With the exception of the program change summary, all sections are required on the R-2a for each project.

Exhibit R-2a, RDT&E Project Justification									Date: Month/Year	
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT		PROJECT NAME AND NUMBER					
Cost ($ in Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2 +1	FY BY2 +2	FY BY2 + 3	FYBY2 + 4	Cost to Complete	Total Cost
Project Cost										
RDT&E Articles Qty										

A. Mission Description and Budget Item Justification

Provide a description of the project and narrative justification.

Identify new start efforts for the budget year(s) within the project. Also identify new start efforts since the previous President's budget.

B. Other Program Funding Summary

PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete

P-1 Procurement Line Item No, Name. Provide related funding detail as indicated. Use a continuation page as necessary.

C-1 Milcon Project No, Name. Provide related funding detail as indicated. Use a continuation page as necessary.

Related RDT&E: List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E programs.

C. Acquisition Strategy:

D. Schedule Profile. Include the program milestone chart that reflects Engineering Milestones, T&E Milestones, and Other Program Events for the entire program, not just through BY2. The software should be embedded for web site formatting.

An Exhibit R-2a is not required for Budget Activities 1, 2, 3, and 6.

Instructions
Exhibit R-2, RDT&E Budget Item Justification
Exhibit R-2a, RDT&E Budget Item Justification (Project)

General. An Exhibit R-2 shall be prepared for each program element. For budget activities 4, 5, and 7, an Exhibit R-2a shall be prepared for each project that has funding greater than $1 million in budget year 1 or budget year 2. Care should be taken to see that exhibits are clear and concise. Abbreviations shall be identified on the page on which they occur.

These pages shall be printed on 8 1/2 by 11 inch paper in landscape format. Classified material shall be submitted separately so that the RDT&E backup book can be submitted in an unclassified version.

Date. Include the month and year of submission of the exhibit. If an Amended Budget is submitted, identify the date of the revised submission.

Appropriation (Treasury) Code Budget Activity. Identify the appropriation and budget activity. The budget activity must match the RDT&E service annex and data base lock position.

R-1 Item Nomenclature. Identify the name of the R-1 line item.

Program Element Number. Identify the program element.

Project Number and Nomenclature. Identify the project number and nomenclature.

Resource Summary. The Exhibit R-2 shall include a fiscal resource summary total for the total program element and, if there is more than one project in that program element, a fiscal resource summary for each project in that program element. The Exhibit R-2a shall include a resource summary for each project with funding greater than $1 million in budget year 1 or budget year 2. Ensure the funding matches the RDT&E service annex and data base lock position and that total costs for Acquisition Category 1 programs are consistent with Selected Acquisition Reports. If this program element represents continuing similar efforts without distinct program or project initiations and completions, the "To Complete" and "Total Program" columns shall be marked "Continuing."

Test Articles. Include the quantity of RDT&E test articles that is being procured each year. Show the quantity in the first year of funding for that quantity of end items. Identify in the description the test articles (engineering development models, test articles, low rate initial production test articles, government furnished equipment articles, etc.) that are being procured and why. The cost, by fiscal year, associated with the procurement of the test articles, may also be shown as a non-add entry.

Mission Description and Budget Item Justification. The R-2 shall include a description and justification of the efforts included in the program element. The R-2a shall include a description and justification of the efforts included in the specific project. The justification narratives shall be included for the past year (PY), the current year (CY), and the budget year 1 (BY1) and BY2 in a bullet format. At least three, and preferably more, activities, and the associated funding, shall be identified for each program element (or project if on the R-2a) in each fiscal year. The total of funding reflected in the bullet narratives should match the total of program element (or project) funding. Identify when a program element or a project was previously funded in a different program element and so annotate in the index/cross track. If program element restructuring and project realignment diminish the value of cumulative fiscal resource information for FY PY, this column shall be footnoted with an explanation of the program elements that were restructured and realigned. Identify the test articles (engineering development models, test articles, low rate initial production test articles, government furnished equipment articles, etc.) that are being procured and why.

Program Change Summary. If there have been changes to the total funding, schedule, or technical parameters since the previous President's budget submission, the Exhibit R-2 shall include a concise narrative summary explaining the changes in the total program element.

Other Program Funding Summary. Development projects often lead to subsequent development phases, production, and military construction. Also, some projects may depend on concurrent development in other projects. These related efforts and the funding profiles for other appropriation efforts shall be identified by appropriation, budget activity, R-1 line item and program element, and P-1 line item title and number. If there are funding dependencies among related research, development, test, and evaluation programs, then the funding profiles for these related programs shall be included.

Acquisition Strategy. An explanation of acquisition, management, and contracting strategies shall be provided for each project.

Schedule Profile. A milestone chart shall be provided for each project shown on the R-2 exhibit. It is preferred that the milestone chart used by the program office be submitted. The chart should display all planned major milestones and test and evaluation events, such as LRIP approval, Milestone III, IOC, Developmental Test and Evaluation, and Operational Test and Evaluation for the total program. For non-acquisition programs, meaningful data should be provided. The software for the milestone chart should be embedded for web site formatting.

Formats currently being used within each Service and Defense Agency may be used in lieu of this format.

Exhibit R-3 Cost Analysis (page 1)									Date:			
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT						PROJECT NAME AND NUMBER			
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost	CY Cost	CY Award Date	BY1 Cost	BY1 Award Date	BY2 Cost	BY2 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Primary Hardware Development												
Ancillary Hardware Development												
Systems Engineering												
Licenses												
Tooling												
GFE												
Award Fees												
Subtotal Product Development												
Remarks:												
Development Support												
Software Development												
Training Development												
Integrated Logistics Support												
Configuration Management												
Technical Data												
GFE												
Subtotal Support												
Remarks												

R-1 Shopping List - Item No 20-3 of 20-4

Exhibit R-3, Project Cost Analysis
(Exhibit R-3, page 1 of 4)

Exhibit R-3 Cost Analysis (page 2)									Date:			
APPROPRIATION/BUDGET ACTIVITY		PROGRAM ELEMENT							PROJECT NAME AND NUMBER			
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost	CY Cost	CY Award Date	BY1 Cost	BY1 Award Date	BY2 Cost	BY2 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Developmental Test & Evaluation												
Operational Test & Evaluation												
Tooling												
GFE												
Subtotal T&E												
Remarks												
Contractor Engineering Support												
Government Engineering Support												
Program Management Support												
Program Management Personnel												
Travel												
Labor (Research Personnel)												
Overhead												
Subtotal Management												
Remarks												
Total Cost												
Remarks												

Instructions - Exhibit R-3, RDT&E Project Cost Analysis

General: The R-3 exhibit is required only for projects with funding greater than $1 million in budget year 1 or budget year 2 for programs funded in budget activities 4, 5, and 7. A separate R-3 exhibit shall be prepared for each project in an applicable R-1 line item. These exhibits shall be printed on 8 1/2 by 11 inch paper in landscape format. If a program element is not divided into projects, then the program element itself is defined as a project for purposes of submitting an R-3 exhibit, and the R-3 exhibit and instructions apply to the entire program element. Classified material shall be submitted separately so that the RDT&E backup book can be submitted in an unclassified version.

Date: Identify the month and year of submission of the exhibit. If an Amended Budget is submitted, identify the date of the revised submission.

Appropriation/Budget Activity. Identify the appropriation and budget activity. The budget activity must match the RDT&E service annex and data base lock position.

R-1 Item Nomenclature: Identify the name of the R-1 line item.

Program Element Number: Identify the number of the program element.

Project Number and Nomenclature: Identify the project number and nomenclature on each R-3 page.

Project Cost Categories. Cost information shall be provided for each project with funding greater than $1 million in budget year 1 or budget year 2, with project costs broken down into cost categories. Sample cost categories shown are typical of various types of defense research and development efforts. Costs shall be distributed among categories in accordance with the project work breakdown structure (WBS) or other categories used by the project office in project execution. The illustrated sample cost categories may be used if these correspond to the project's structure; however, there is no requirement to use cost categories other than those used by the project office in project execution. Sample cost categories not used in project execution need not be included in the exhibit for that project. If the program office tracks efforts by major contract, then display the information accordingly. The cost categories shall be separated into 4 information categories as follows:

Product Development. Efforts associated with the delivery of a fully integrated system that are in direct support of the system and essential to the development, training, operation, and maintenance of the system. Include all efforts directly supporting system development and delivery to include primary contracts, major component contracts, contracted services, in-house support, and government furnished property. Contracts or government efforts greater than $1 million in any displayed budget year shall be reported individually.

Support Costs. Efforts not directly associated with the delivery of the primary product, including technical engineering services, research studies, and technical support not related directly to product development or to testing and evaluation. Contracts or government efforts greater than $1 million in any displayed budget year shall be reported individually.

Test and Evaluation. Efforts (other than those included within contracts or government efforts included above) associated with engineering or support activities to determine the acceptability of a system, subsystem, or component. Contracts or government efforts greater than $1 million in any displayed budget year shall be reported individually.

Management Services. Efforts associated with services provided in support of program office management and administration processes such as: program oversight, resource justification, budget and programming, milestone and schedule tracking. Federally Funded Research and Development Centers (FFRDCs) are in this category. Contracts or government efforts greater than $1 million in any displayed budget year shall be reported individually.

(Exhibit R-3, page 3 of 4)

Instructions - Exhibit R-3, RDT&E Project Cost Analysis (Continued)

Government Furnished Property. Property, such as hardware, software, or information, which the government is contractually obligated to furnish a contractor or government performing activity shall be identified. Provide a brief identification of the item to be provided, and the contractor or government activity providing the item. Provide estimated date that the government furnished property will be provided to the requiring contractor or activity. Provide the name of the requiring contractor or activity.

Award Fees. Identify amounts budgeted for award fees and indicate contractor performance and percentage of award fees actually awarded in past award fee periods.

Contract Method/Type or Funding Vehicle. The following codes shall be used to identify the contract method, contract type, and funding vehicle:

Contract Type		Contract Method	
FP	- Fixed Price	SS	- Sole Source
CPIF	- Cost Plus Incentive Fee	C- Competitive	
FPI	- Fixed Price Incentive		
CPAF	- Cost Plus Award Fee		
CPFF	- Cost Plus Fixed Fee		
FFP	- Firm Fixed Price		

Funding Vehicle (when a government agency is the performing activity)

MIPR	- Military Interdepartmental Purchase Request
PO	- Project Order
WR	- Work Request
Allot	- Allotment
Reqn	- Requisition

Performing Organizations. Identify each contractor and government or performing activity and the location for each effort greater than $1 million in any of the displayed years.

Total PY Cost. Provide actual amounts for the total of all years before the current year (CY).

CY - BY2. Provide actual or budget amounts for each year for current year (CY), budget year (BY1), and BY2.

Award or Obligation Date. Provide actual or estimated date of contract award or the estimated date that funds will be obligated to government performing activities.

To Complete. Provide the amount required to complete this effort beyond BY2.

Total Program. Provide the cumulative total of all budgeted funds for the program (including funds obligated/budgeted for PYs, CY, BY1, BY2, and to complete). Provide a comment in the Remarks section when the Project Office Estimate at Completion (EAC) differs from the total cost. Also provide a comment when the Performing Activity EAC differs from the Project Office EAC.

Target Value of Contract. Identify the target value of the contract and explain those cases where total cost differs significantly. For example, if the budget is at ceiling value of the contract vice target value or if budget is "program manager's best estimate" vice target value, then explain.

Formats currently being used within each Service and Defense Agency may be used in lieu of this format.

Exhibit R-32, RESEARCH, DEVELOPMENT, TEST & EVALUATION (RDT&E) Purchases from DWCF

(TOA, $ in Millions)

Business Areas	Current Year	Budget Year 1					Budget Year 2				
Army	CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	%	BY2 Program
411 Army Supply Management											
601 Army Depot Maint-Ord Arm Com											
602 Army Depot Maintenance-Other											
648 Army Information Services											
Navy											
412 Navy Supply Management											
615 Navy Information Services											
633 Defense Printing Service (FY 1996 only)											
Research and Development											
610 Naval Air Warfare Center											
611 Naval Surface Warfare Center											
612 Naval Undersea Warfare Center											
614 Naval Cmd, Ctrl & Ocean Surv Ctr											
630 Naval Research Laboratory											
631 Naval Facilities Engineering Service Ctr											
Depot Maintenance											
613 Depot Maintenance- Aircraft											
632 Depot Maintenance-Ordnance											
637 Depot Maintenance-Ships											
640 Depot Maintenance-Other (USMC)											
Transportation (Sealift Services):											
620 Fleet Auxiliary Force											
621 Afloat Prepositioning Ships											
623 Special Mission Supports											
624 Other Sealift Purchases											
Navy Base Support Services:											
634 Public Works - Utilities											
635 Public Works - Other											
639 Public Works (Composite Rate)											

R-1 Shopping List - Item No 20-10 of 11

Exhibit R-32, RDT&E Purchases from DWCF

(Exhibit R-32, page 1 of 3)

Exhibit R-32, RESEARCH, DEVELOPMENT, TEST & EVALUATION (RDT&E) Purchases from DWCF
(TOA, $ in Millions)

Business Areas	Current Year	Budget Year 1					Budget Year 2				
	CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	%	BY2 Program
Air Force											
414 Air Force Supply Management											
649 Air Force Information Services											
653 Transportation (Airlift Svcs (Training))											
Air Force Depot Maintenance:											
661 Organic Operations											
662 Contract											
Defense											
402 Fuel Purchases (DFSC)											
415 DLA Supply Management											
633 Defense Printing Services (beg FY 1997)											
647 Defense Megacenters (DISA)											
650 DLA Information Services											
651 DFAS Information Services											
670 Defense Automatic Addressing Systems											
671 Communications Services (DISA)											
672 Purchases from Pentagon Reservation Maintenance Revolving Fund											
673 Financial Operations (DFAS)											
674 Distribution Depots (DLA)											
675 Def Reutilization & Mktg Svcs (DRMS)											
676 Def Industrial Plant Eqpt (FY 1996 only)											
677 Joint Logistics Systems											
680 Purchases from the Bldg Maint Fund											
USTRANSCOM											
701 AMC Cargo/Passenger (Fund)											
702 AMC SAAM/TJS (Fund)											
711 MSC Cargo (Fund)											
721 MTMC Port Handling (Fund)											

R-1 Shopping List - Item No 20-11 of 11

(Exhibit R-32, page 2 of 3)

Instructions - Exhibit R-32, RDT&E Purchases from DWCF

1. Purpose. The purpose of this exhibit is to estimate the amount of new orders planned to be sent to the Defense Working Capital Funds (DWCF) business areas. The RDT&E appropriations will report estimates of funding for DWCF business areas on the Purchases from DWCF Exhibits. For each appropriation, the Component will estimate by DWCF business area the amount of new orders planned to be sent to DWCF business areas for the CY, BY1 and BY2. The amounts provided should reflect the amount shown by the DWCF activity on the Fund-11 exhibit. Price growth will reflect the amount of inflation used for each fiscal year so that the change in DWCF rates is clearly identified. Program growth will show the change in program absent the effect of inflation. For further guidance, see the instructions for completing the OP-32 exhibit (Chapter 030402). A copy of the R-32 exhibit will also be provided directly to the Revolving Funds Directorate, Rm 3B866, the Pentagon.

2. Specific Instructions:

In addition to the guidance above and in the OP-32 Exhibit instructions, the following provides by business area, the types of purchases reported on the R-32 exhibits:

(1) Army, Navy and Air Force Supply Management: obligations for supply purchases from wholesale and retail supply organizations.

(2) DLA Supply Management: obligations for purchases of consumable supplies.

(3) Fuel Purchases (Defense Fuel Supply Center): obligations for fuel for purchases of fuel for aircraft, automobiles, non-nuclear ships, trucks, and heating fuel.

(4) US Transportation Command: travel and transportation obligations for movement of people or goods by military air (Air Mobility Command owned C-17, C-5, or C-141 aircraft or leased commercial aircraft) and military sealift (through Military Traffic Management Command operated port facilities, in Military Sealift Command owned or operated ships).

(5) Defense Finance and Accounting Service (DFAS): obligations for services rendered by DFAS.

(6) Communications Services (DISA): obligations to pay for services provided by the for the Defense Switched Network (formerly AUTOVON, AUTODIN, Bulk Encrypted Communications, Defense Switched Network, Washington Area Wideband System, Defense Information Systems Network, and Defense Data Network) and for information processing, computer services, and software development support provided by the Defense Information Technology Services Organization (DITSO).

(7) Fund Purchases not reported on R-32: Do not report purchases from the following Fund business areas: Defense Logistics Agency Distribution Depots; Navy Distribution Depots; Commissary Operations; and the Defense Reutilization and Marketing Services.

CHAPTER 6
MILITARY CONSTRUCTION/FAMILY HOUSING APPROPRIATIONS
Table of Contents

0601 GENERAL 1
060101 Purpose 1
060102 Submission Requirements 1
060103 Preparation of Material 1
060104 References 2
060105 Family Housing Program Policies and Guidelines 2
060106 Family Housing Procedures for Administration and Management of Program Funds 5
0602 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION 9
060201 Military Construction Appropriations 9
060202 Family Housing 10
060203 Homeowners' Assistance Fund, Defense 11
0603 BUDGET ESTIMATES SUBMISSION 12
060301 Military Construction 12
060302 Family Housing 18
060303 Homeowners' Assistance Fund, Defense 25
060304 North Atlantic Treaty Organization (NATO) Security Investment Program 25
060305 North Atlantic Treaty Organization (NATO) Security Investment Program Expansion Costs 26
060306 Family Housing Improvement Fund 26
0604 CONGRESSIONAL JUSTIFICATION/PRESENTATION 27
060401 Purpose 27
060402 Organization of Justification Books 27
060403 Submission of Military Construction Justification Books 31
060404 Submission of Family Housing Justification Books 33
060405 Submission of Justification Books for the Homeowners' Assistance Fund, Defense Appropriation 33
0605 MILITARY CONSTRUCTION/FAMILY HOUSING APPROPRIATION SUBMISSION FORMATS 35
060501 Purpose 35
060502 Exhibits in Support of Section 060301 - Budget Estimates Submission/Military Construction 36
060503 Exhibits in Support of Section 060302 - Budget Estimates Submission/Family Housing 36
060504 Exhibits in Support of Section 060303 - Budget Estimates Submission/Homeowners Assistance 36
060505 Exhibits in Support of Section 060304 - Budget Estimates Submission/NATO Security Investment Program 36

CHAPTER 6

★June 2000

MILITARY CONSTRUCTION/FAMILY HOUSING APPROPRIATIONS

0601 GENERAL

060101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Military Construction, Family Housing and Homeowners Assistance appropriations.

B. The following appropriations and accounts are covered:

Section

060201 Military Construction
- Military Construction, Army
- Military Construction, Navy
- Military Construction, Air Force
- Military Construction, Defense-Wide
- Military Construction, Army National Guard
- Military Construction, Air National Guard
- Military Construction, Army Reserve
- Military Construction, Navy Reserve
- Military Construction, Air Force Reserve

060202 Family Housing
- Family Housing, Army
- Family Housing, Navy & Marine Corps
- Family Housing, Air Force
- Family Housing, Defensewide

060203 Homeowners' Assistance
- Homeowners' Assistance Fund, Defense

060304 NATO Security Investment Program
- North Atlantic Treaty Organization (NATO) Security Investment Program

060305 NATO Security Investment Program
- NATO Enlargement

060306 Family Housing Improvement Fund

060102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 6 covers specific back-up material requirements for the above accounts. The above appropriations/accounts should also submit any applicable exhibits required in Chapter 19 - Special Analyses.

060103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapters 6 provides additional specific guidance with regard to the back-up material required for Military Construction, Family Housing and Homeowners Assistance appropriations.

060104 References

Section 010212 provides policies and definitions concerning costs that are to be financed by the Military Construction appropriations as opposed to other appropriations for R&D facilities.

060105 Family Housing Program Policies and Guidelines

A. Purpose

1. This section outlines the service aspects of the Family Housing Program; establishes policies and guidelines for program financial management, budgeting, accounting, and reporting; and assigns responsibilities for executing the program. Specific procedures for the administration and management of program funds are set forth in section 060106.

2. The Family Housing Program encompasses Military Family Housing as defined and authorized by the provisions of Title 10, United States Code, Chapter 169, and includes all DoD Component family housing in the Defense Family Housing Property Account, leases of real property utilized by DoD Components for family housing, and associated family housing support services programs.

B. Policy

1. It is DoD Policy: 1) to provide military family housing for military families and for eligible civilian families only when suitable housing in the community does not exist; 2) to provide for the housing and support services, as authorized by law, that are necessary to meet the requirements of the Department of Defense; 3) that the program shall be financed and managed in the most cost effective and efficient manner possible in order to support these requirements and to maximize the use of available program resources; 4) that the program shall include the provision of assistance to all military personnel and certain eligible civilians in locating and utilizing privately owned housing including leasing; 5) that the program shall include, within available resources, the provision of Government-owned or leased family housing and furnishings (referred to as Defense Family Housing Property); and 6) that the program shall include the efficient and effective financial and program management of Defense Family Housing Property, including acquisition, operation, improvement, maintenance, debt financing, leasing, and family housing support programs.

C. Responsibilities

1. The Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) is responsible for program management as set forth in DoD Directive 4165.63 and DoD 4165.63-M. The Under Secretary of Defense (Comptroller) (USD(C)) is responsible for financial management, program budget policies, program accounting policies, and financial reporting. As prescribed by the USD(C), the Director, Defense Finance and Accounting Service, is responsible for central accounting and financial reporting for the program. The Secretaries of the Military Departments and the Directors of the Defense Agencies, as prescribed by DoD Directive 4165.63, are responsible for execution of the program for personnel under their respective jurisdictions, including program and financial management, accounting and reporting.

2. In the financial management and execution of the program, DoD Components shall conduct program budget formulation, presentation, and execution in accordance with the guidance and provisions contained in Chapter 6 of this manual and adhere to the program accounting and financial reporting guidance and provisions contained in Volume 4 of this manual.

D. Objectives and Procedures

1. This section outlines the objectives and procedures of the Family Housing Program and is divided into the following subsections: assistance in locating and utilizing privately owned family housing; Defense Family Housing Property; and, management of Defense Family Housing Property.

a. Assistance in Locating and Utilizing Privately Owned Family Housing. Assistance provided to DoD personnel to obtain privately owned family housing under the program includes housing referral service including administration of private rental housing for DoD personnel overseas; DoD leasing of private housing; rental guarantee payments pursuant to section 507, Public Law 88-174, as amended and; service members' mortgage insurance payments on their privately owned housing made pursuant to section 222 of the National Housing Act, as amended.

b. Defense Family Housing Property. All DoD-owned or DoD-controlled physical property described below will be managed and controlled under the Family Housing Program. The properties will be recorded in a property account entitled the Defense Family Housing Property Account. Guidance for the maintenance of property accounting records is contained in Volume 4 of this manual. A continuing permanent accounting record will be maintained of the real property included in each installation's Family Housing Property Account. Appropriate classifications will be entered on the records to distinguish between real and personal property. Property will be removed from the Defense Family Housing Property account when the property is disposed of (as DoD property), or when it is transferred to DoD non-family housing use. The Report Control Symbol assigned to the special record keeping requirements is DD-COMP(AR)1501.

(1) The Defense Family Housing Property Account includes the following properties, under the jurisdiction of the Department of Defense, to which the Government has a right, title, or interest, with exceptions noted in paragraph 060105D.1.b.(2) below.

(a) All types of family dwelling units and mobile home park facilities, without regard to the military status of the occupant and including housing that is: located on or off station, owned or leased, occupied or unoccupied; situated in dispersed locations or in community-type areas; located at an active, inactive, standby, or reserve facility; or, operated or maintained by the Government, directly or by contract.

(b) Nondwelling buildings directly associated with family dwelling units or a family housing area, including structures outside the housing area required solely for family housing support.

(c) Roads, driveways, walks, and utility systems which primarily serve family housing units or areas.

(d) The grounds area of a group of family housing units and the yards of dispersed family housing units or areas.

(e) Community facilities which are integral to a family housing area and are available for use only by family housing area residents and their house guests.

(f) Fixtures and other appliances or equipment in a housing unit that are either integral components or movable items, such as: refrigerators, kitchen ranges and, when authorized, food freezers, room air- conditioners, washing machines, clothes dryers, dishwashing machines, garbage disposals, exhaust fans, roof or attic television antennas; and those appliances provided for family housing rented privately by DoD personnel in areas outside the conterminous United States, pursuant to DoD 4165.63-M.

(g) Furniture, furnishings, and other personal property that are directly associated with providing and supporting family housing units, including personal property provided for use outside the conterminous United States, pursuant to DoD 4165.63-M.

(2) The Defense Family Housing Property Account excludes the following properties, irrespective of the Government's right, title, or interest therein:

(a) Aerial roads, public walks, utility lines, and utility mains that may pass through or in front of family housing locations but serve those locations as an incidental or secondary purpose to other station requirements.

(b) Facilities similar to hotels or motels, which are provided for temporary family occupancy.

(c) Community facilities which are not integral to a family housing area or are available for use by other than family housing area residents and their house guests.

(d) Educational facilities.

(e) Telephone and other communication facilities for official use, and telephone facilities for unofficial use, installed in a family housing unit.

(f) Community Antenna Television distribution service by other Government agency, commercial cooperative, or private enterprise.

(g) Properties financed by and supporting the Defense Security Assistance Program.

(h) Food service facilities.

(i) Facilities used primarily for religious services or religious activities.

c. Management of Defense Family Housing Property. Management undertakings, which arise in connection with the DoD responsibility for and jurisdiction over Defense Family Housing Property, include:

(1) The acquisition, construction, and replacement of family housing facilities and the preliminary planning and design studies on prospective projects, including housing requirement surveys.

(2) The conversion of other real property facilities to family housing quarters.

(3) The upgrading to "adequate public quarters" of those family dwelling units designated as rental, substandard, or inadequate.

(4) The alteration of, or addition, expansion, or extension to, family housing facilities.

(5) The outfitting of family housing facilities, as defined in paragraph 060105D.1.b above, with fixtures and other equipment that are either integral components or movable items of major equipment of a housing unit, including major appliances; and furniture, furnishings, and other personal property. This function includes maintenance and repair.

(6) The maintenance and repair of family housing facilities.

(7) The furnishing of the following services to family housing facilities: utilities services, except telephone service and cable television; refuse collection and disposal; insect and rodent control; snow removal; handling and moving Government-owned furnishings; police and fire protection; and, administrative, supervisory and clerical services related to the performance of services rendered the family housing facilities.

(8) The maintenance and security of family housing property declared excess to DoD needs, which rests with the DoD Component until the Department of Defense is relieved of this responsibility. The following rules and principles apply:

(a) If the property is being disposed of by the General Services Administration, the transfer of financial responsibility to GSA will be in accordance with Federal Property Management Regulations, Part 101-47, 402.

(b) When the Department of Defense recommends to GSA that disposal of excess property be delayed because of economic considerations and a contract has been made with a local agency to rent the property and to protect and maintain it, the residual financial responsibility for maintenance and security rests with the Department of Defense.

(c) It has been agreed with the GSA that, in interpreting property disposal regulations, the Department of Defense will be deemed to have declared the property excess to GSA on the date that the protection and maintenance contact is discontinued.

060106 Family Housing Procedures for Administration and Management of Program Funds

A. Purpose.

This section outlines the procedures for the administration and management of funds appropriated or otherwise made available to the Department of Defense for the Family Housing Program including: authorized reimbursements; application of proceeds from sales or handling of excess family housing for debt service; administration of separate "fixed year" and "annual" accounts; and clarification and amplification of certain financial administration procedures.

B. Treasury Accounts

1. For construction and improvement of family housing facilities, funds are appropriated to remain available for five years. For Operation and Maintenance (O&M) of family housing facilities, funds are appropriated with annual account limitations. These and other funds made available for family housing are administered under the Treasury accounts outlined in section 010603 of this manual.

C. Financing the Family Housing Program

1. The Family Housing Program will be financed from:

a. Those funds primarily appropriated for family housing purposes.

b. Authorized reimbursements and collections from housing rentals and services furnished as set forth below:

(1) Charges will be made for rentals and services furnished certain occupants or users of family housing facilities. The amount of rent charged shall be determined in accordance with the provisions of DoD 4165.63-M. Disposition of the proceeds of handling or disposal of excess family housing property is treated in paragraph C.1.c of this section.

(2) Those collections for rents and services which will be utilized to finance family housing expenses in accordance with applicable statutes are listed below. Such reimbursements will be utilized within the financial authority issued by the Deputy Comptroller (P/B) but limited to the amount of reimbursements earned.

(3) Proceeds received for rental of Defense housing shall be utilized within the applicable DoD Component family housing account to defray O&M expenses. If the housing is rented with Government furniture provided, the combined total charge for shelter rent and furniture rent shall be treated as indicated above.

(4) Proceeds from the sale of utilities and services will be utilized within the appropriation currently available for the supply of that utility or service in accordance with the authority set forth in 10 U.S.C. 2686.

(5) Collections from other agencies related to O&M charges pursuant to 31 U.S.C. 686 will be effected.

(6) When nonexcess family housing property is leased, pursuant to 10 U.S.C. 2667, rental moneys received will be deposited in a special account in the U.S. Treasury established for DoD Components for allocation as prescribed in 10 U.S.C 2667. Moneys received for utilities or services will be deposited to the applicable DoD Component family housing account.

(7) For accounting purposes, those reimbursements described above to be used for O&M purposes will be identified as financing the operations portion of the O&M expenses.

(8) All collections for family housing rents or services, other than those described above and in paragraph C.1.c of this section will be deposited to Treasury Miscellaneous Receipt Account 1830, "Rent of Real Property not Otherwise Classified," under a citation which includes the appropriate DoD Component two-digit prefix symbol. Such collections include those to cover costs of repairing damages to family housing facilities (including replacement of items) caused by family housing occupants.

c. Other funds which are available from disposal of excess family housing property as set forth below:

(1) In the case of family housing in the United States disposed of pursuant to title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526) or the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510), the proceeds should be deposited in the Department of Defense Base Closure Account 1990.

(2) In the case of family housing disposed of under authorities contained in 10 U.S.C. 2871-2885, as added by section 2801 of the National Defense Authorization Act for FY 1996, for purposes of using the proceeds to carry out activities authorized under those provisions, the proceeds should be deposited in the DoD Family Housing Improvement Fund.

(3) In the case of family housing overseas disposed of under circumstances which fall within the provisions of section 2921 of Public Law 101-510, as amended, the proceeds should be deposited in the Defense Overseas Military Facility Investment Account.

(4) In the case of family housing disposed of under other circumstances, the proceeds should be deposited in the appropriate military family housing account.

2. Family Housing Program costs will be programmed, budgeted and accounted for by the DoD Component having responsibility for the Defense installation or housing area, regardless of the DoD Component of the housing occupant. Reimbursement for such costs will not be made between DoD Components.

3. Financing will be on a program-year basis. The detailed program-year criteria for the major functional categories and for the immediate subordinate accounts is set forth below:

a. The program year for the undertakings (projects for new construction, acquisition of housing, construction improvements, and minor construction) shall be the same as the year of the applicable annual Military Construction Authorization Act.

b. After the program year for a specific project is established as provided above, the related appropriation for that project will be administered under the designated program year, irrespective of when the work is undertaken. In the event there are savings due to lower bids, change in scope, etc., these savings may be reprogrammed for projects authorized in different program years.

c. For planning and design, which is a "level of effort" type activity, the following program year concept applies:

(1) Budget estimates for the budget year and each future year will include the planning and design work programmed to be placed on contract or intragovernmental order during the program year and the planning and design work expected to be performed with in-house capabilities during the program year. The dollar value of a planned program will be determined on the basis of estimated obligations to be incurred during the program year for the program scope embraced by (a) and (b), above.

(2) Obligation authorities will be requested and issued by program year on the basis of obligations estimated to be incurred as a result of the issuance during the program year of contracts or other orders which constitute valid obligations pursuant to Volume 4 of this Regulation for planning and design work, irrespective of when the work is to be performed and the accomplishment during the program year of planning and design work with in-house capability. Obligations will be charged by program year on these same bases.

(3) Adjustments to obligations charged against a prior program year will be made only to the extent of an adjustment in the amount of an obligation recorded for specific work ordered in that prior program year or deobligations to reflect cancellation of work ordered in that prior year. New obligations for planning and design work for a particular project which are in addition to that ordered in prior program years for that project are charges against the program year in which those new obligations are incurred.

d. For rental guarantee payments, the program year shall be the fiscal year in which the rental guarantee payments are obligated. No new obligations may be incurred under a program year obligation authority after the close of that program fiscal year. Adjustments to obligations for rental guarantee payments may be made as necessary to reflect actual obligations incurred during the fiscal program year in accordance with existing procedures covering adjustment to annual accounts.

e. The major functional categories of operation and maintenance and debt payment are considered "level of effort" type activities. Program planning and budget estimates for these categories will be developed in accordance with that concept. Obligational authority for operation and maintenance and debt payment will be requested and issued by program year and will not be available for new obligations after the close of the fiscal year for which such authority is issued. Adjustments to obligations for operation and maintenance and debt payment may be made as necessary to reflect actual obligations incurred during the fiscal program year in accordance with existing procedures covering adjustment to annual accounts.

4. Economic analysis will be applied to all program investment proposals in accordance with this manual which sets forth budget submission requirements.

5. Apportionment of funds and issuance of financial authorities will be obtained as follows: each DoD Component (except Defense Agencies) shall submit to the Deputy Comptroller (P/B) an apportionment request, then the Deputy Comptroller (P/B) will issue specific financial authority to the DoD Components concerned in such amounts and at such levels as appropriate for efficient and economical administration of the Family Housing Program.

6. For the Construction category, OSD program approval and obligating authority will be provided by fiscal year, generally at the construction element level (immediate subordinate account level) or at project level where circumstances warrant. Volume 3 of this Regulation defines the scope of realignment authority delegated to the DoD Components. All program/fund realignments will be reported in accordance with Volume 4 of this Regulation and this volume.

7. Obligations, incurred costs, accrued expenditures, accrued revenues, disbursements and receipts will be recorded and reported in accordance with Volume 4 of this Regulation. When another appropriation, e.g., Operation and Maintenance, initially incurs a funded cost, the applicable DoD Component family housing account will be billed at least monthly. Obligations, incurred costs, accrued expenditures and disbursements will be charged to the applicable accounts.

8. The balance due on indebtedness previously assumed should be in a "Borrowing Account" in conformance with Federal budget concepts.

a. The acquisition of property will be recorded in accordance with Volume 4 of this Regulation. The amount of the mortgage assumed will be recorded as an increase in the "Borrowing Account" and will be reported to the Treasury under Code (97).

0602 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION

060201 Military Construction Appropriations

Programming, budgeting, financing and accounting for the Military Construction Program will be accomplished under an account structure uniformly used for these purposes by all DoD Components. The uniform account structure and scope of each account prescribed for the administration of the Military Construction Program are as follows:

A. Major Functional Category: Construction

1. Immediate Subordinate Account: Major Construction. Includes construction projects authorized under 10 U.S.C. 2802 for the purposes of erection, installation, or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; or the relocation of a facility from on installation to another. Includes equipment installed and made a part of such facilities, and related site preparation, demolition, excavation, filling and landscaping, or other land improvements.

2. Immediate Subordinate Account: Minor Construction. Includes any urgently required construction project not otherwise authorized by law having a cost equal to or less than $ 1,500,000. However, if the military construction project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, a minor military construction project may have an approved cost equal to or less than $3,000,000. Minor construction projects costing more than $500,000 may not be carried out unless 10 U.S.C. 2805 requirements are met. This includes advance approval by the Secretary concerned and notification to the Congress. An unspecified military construction project costing not more than $500,000 may be funded from appropriations available for operation and maintenance. However, if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, up to $1,000,000 may be funded from operation and maintenance accounts.

3. Immediate Subordinate Account: Planning and Design. Includes architectural and engineering services, construction design, planning, study, working drawings, specifications and estimates for construction projects. 10 U.S.C 2807 pertains to architectural and engineering services and construction design.

a. Design Status. Projects using parametric cost estimates should be considered zero (0) percent designed. Projects using the traditional method of design, being designed in-house, using a standardized design, or site adapting a previous design should use the milestone chart below to gauge their design status.

1% Design Complete:	Design instructions issued to major command.
2% Design Complete:	Major command design instructions issued to design agent.
3% Design Complete:	Notice to proceed issued to architect/engineering firm (A&E) by the design agent.
30% Design Complete:	Concept plan, early preliminary working drawings, design analyses, and outline specifications issued by the designer.
35% Design Complete:	Concept or early preliminary review comments forwarded to the design agent.
60% Design Complete:	Regular preliminary working drawings, design analyses, and updated cost estimate and outline specifications issued by the designer.
65% Design Complete:	Regular preliminary review comments forwarded to the design agent.

90% Design Complete:	Final design (working drawings, design analyses, cost estimates, and specifications) completed by the designer.
95% Design Complete:	Final design review comments forwarded to the design agent.
100% Design Complete:	Corrected final design accepted by the DoD Component.

4. Immediate Subordinate Account: Supporting Programs. Includes Defense access roads and land acquisitions.

B. Major Functional Category: North Atlantic Treaty Organization Security Investment Program

Includes contributions for the United States share of the cost of multilateral programs for the acquisition and construction of military facilities and installations (including international military headquarters) and for the related expenses for the collective defense of the North Atlantic Treaty Area. 10 U.S.C. 2806 pertains to contributions for North Atlantic Treaty Organization Security Investment Program.

060202 Family Housing

DoD Components will use the uniform account structure established for programming, budgeting, financing and accounting for the family housing program. The account structure will be administered so as to provide program and financial control of the family housing program consistent with applicable statutes. The uniform account structure and scope of each account for the family housing program are as follows:

A. Major Functional Category: Construction

1. Immediate Subordinate Account: New Construction (by Installation and Project). Includes the erection, installation, assembly, relocation or replacement of single or multifamily dwelling units; related land acquisition, site preparation, excavation, filling and landscaping, or other land improvements. Also included are the initial outfitting during construction of a dwelling unit with fixtures and other requirements which are either integral components or movable items of major equipment thereof, including major appliances; and architectural and engineering supervision and inspection of construction. Includes design costs of contractor to perform a turnkey contract. New construction also includes the construction of items included in section 060105D.1.b.(1) (a), (b), (c), and (e).

2. Immediate Subordinate Account: Post Acquisition Construction. Includes major construction projects (projects beyond those authorized under the minor construction program) for the following (by installation and project): upgrading inadequate public quarters, rental housing and acquired Wherry Housing units to produce adequate public quarters; conversion of existing facilities to public quarters; alterations, additions-expansions-extensions; construction of family housing real property, other than dwelling units required subsequent to and because of previously acquired dwelling units; and the payments made to military personnel for telephone reconnection charges shall be included in project costs under this subaccount when a construction project involves relocation, alteration, improvement, or other work necessitating Government directed, non-Permanent Change of Station moves between Government quarters. However, in cases where concurrent maintenance/repair work is involved, telephone reconnection costs shall be charged to the maintenance account.

3. Immediate Subordinate Account: Planning and Design. Includes the design, working drawings, specifications and estimates for construction projects approved by the Secretary of Defense for inclusion in the President's Budget. Also includes consolidated DoD guide drawings, specifications, and planning and design efforts on projects which are not subsequently constructed.

B. Major Functional Category: Operation and Maintenance

1. Immediate Subordinate Account: Operation. This account includes the following: initial acquisition, maintenance, repair and replacement of furniture, furnishings and other personal property (see section 060105D.1.b.(1)(g)); the furnishing of services included in section 060105D.1.c.(7); inspection of construction and administration of rental guarantee projects; leasing of family housing facilities by the Government as outlined in section 060105D.1.a.; and contractor support for family housing privatization.

2. Immediate Subordinate Account: Maintenance of Real Property Facilities. This account includes maintenance and repair of buildings, roads, driveways, walks, exterior and interior utility systems and grounds care; and maintenance, repair and replacement of fixtures and other equipment which are integral components of a housing unit. This account also finances the costs of reimbursements made to military personnel for telephone reconnection charges when maintenance or repair work necessitates Government-directed, non-PCS moves. This includes such charges resulting from improvement/repair projects funded in part from the family housing construction account.

C. Major Functional Category: Debt Payment (Interest and Other Charges)

1. Immediate Subordinate Account: Servicemen's Mortgage Insurance Premiums. This account includes payments of servicemen's mortgage insurance premiums pursuant to Section 222 of the National Housing Act as amended.

D. Major Functional Category: DoD Family Housing Improvement Fund

Includes activities required in connection with the planning, execution, and administration of contracts entered into under the authorities of Chapter169, Subchapter IV (Alternative Authority for Acquisition and Improvement of Military Housing), Title 10 U.S.C.

060203 Homeowners' Assistance Fund, Defense

The program/budget account classification structure for the Homeowners' Assistance program is prescribed in Exhibits HA-1 through HA-4, found in Section 060504.

0603 BUDGET ESTIMATES SUBMISSION

060301 Military Construction

A. Purpose

1. This Section prescribes instructions for the preparation and submission of budget estimates for the Military Construction, appropriations.

2. Unless otherwise specified, these instructions apply to all Military Construction appropriations and to all budget estimates. Data submitted must be consistent with the budget estimate being supported.

B. Submission Requirements

1. General Guidance. Supporting data for each of the military construction appropriation requests will be submitted concurrently with all other Department of Defense appropriation requests. To facilitate the review and decision making process, it is essential that the packaging of justification materials conform to the uniform facility category structure established by DoD Instruction 4165.3.

a. Construction requirements will be determined in consonance with PDM guidance and with applicable Executive Orders, OMB Circulars, and DoD 4270.1-M.

b. Each proposed construction project will be supported by DD Form 1391/1391C, Military Construction Project Data. These will be prepared in accordance with guidance contained in Section 060502. Projects associated with intelligence or intelligence-related operations will be so identified. Block 5, Program Element, DD Form 1391, will include the annotation "NFIP", "JMIP", or "TIARA" as appropriate. DD Form 1390, Military Construction Program, will be prepared for each installation at which major construction is planned, utilizing the format prescribed in Section 060502. DD Form 1390S, Guard and Reserve Forces Military Construction, will be utilized by the Guard and Reserve Components.

c. Lump sum requests for a number of construction projects at a single location or for related projects at several locations will not be considered.

d. OMB policy is to fully fund military construction projects; however, Section 12.3(K) of OMB Circular No. A-11 allows the Department to incrementally fund projects in certain instances. In an effort to ensure that the policy is applied uniformly throughout the Department, the following criteria should be satisfied: 1) The estimated cost of the proposed project should be $50.0 million or greater; 2) The construction schedule should be equal to or greater than 24 months; 3) Incrementally funded contracts shall conform with the Federal Acquisition Regulation to prevent over-obligation of the government; 4) Configuration of the contract in separate increments will not significantly increase the cost of the project. The Services or Defense Components have the discretion to request full funding for any project. However, any requests for incrementally funded projects must include a waiver to the OMB full funding policy. If the service request is approved, authorization for the total cost of the project will be requested in the first year, but authorization of appropriation and appropriation of funds will be requested only for the increment being funded in the budget year. If the request is disapproved by the Deputy Secretary for lack of adherence to the above policy, the projects must be fully funded through offsets from the Component.

e. In order to ensure prudent and economic investments a life-cycle, net present value economic cost analysis is required to support all new construction or renovation projects estimated to cost in excess of $ 2 million dollars. Copies of these studies are to be retained by the DoD Components and must be available, when requested, during the OSD - OMB budget review. In accordance with Section 010303, components are required to indicate on the justification page for each individual construction project whether or not an economic analysis is applicable or pertinent. If not applicable, a statement is required indicating why.

f. In accordance with guidance provided under Section VI.D. of DoD Directive 2010.5, components are required to indicate on the justification page for each individual construction project for U.S. forces committed to NATO a statement whether or not the project is planned for prefinancing, with appropriate explanation as to: (a) why U.S. unilateral financing is being proposed; and (b) as appropriate, follow-on actions planned to seek reimbursement through NATO channels. A similar statement is required for any other overseas construction, describing why the project is not eligible for host nation funding. More specific guidance is provided in DoDD 2010.5.

g. Justification materials (DD 1390/1391/1391C) will be submitted in book form, with appropriate cover, bound on the left margin. Classified materials are to be submitted in separate volumes, with appropriate security classification markings on covers.

h. The following sections outline the specific materials to be provided including special guidance as to formats to be followed. The numbers of copies required are identified in Chapter 1. Other special materials required are outlined under related Chapter 16.

i. It is recognized that it may be necessary to revise construction project costs subsequent to the budget submission which have changed significantly because of Congressional action, design changes, etc. Such changes will be considered as an additional budget submission and all ground rules, including cut-off dates, will apply.

j. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

k. All budget submissions for military construction and family housing programs should include outyear project level detail in the format specified in Section 060502.

2. Construction Programs for the Active Forces and Defense Agencies. The books containing the DD Forms 1391/1391C will be arranged by facility category, following the guidelines established by DoD Instruction 4165.3. For each project, the DD Form 1390 will immediately precede the DD Form 1391/1391C. In each DD Form 1391/1391C provided for the OSD submission, the following design status is required: (1) date of design initiation; (2) percentage of design complete on the OSD submission date; (3) date on which 35 percent design will be or has been completed (including review and approval of 35 percent drawings); (4) projected or actual date of design completion; (5) percentage of design utilizing standard design, (6) if the project cost is based on parametric estimates, include the annotation "Parametric estimates have been used to develop project costs"; and *(7) type of design contract, i.e. design-build, design-bid-build, or other, if other, provide a brief explanation of the design contract.* Projects proposed for alternative construction methods such as turnkey, or private financing alternatives, for which percent design is not appropriate, should be noted in place of the design status required for normal projects. Prior to the submission of the President' Budget to Congress, the OUSD(C) Military Construction Directorate shall be notified if any projects will not be at the 35 percent design status by January 1.

a. Major Construction. For purposes of the OSD/OMB review:

(1) No project will be identified or listed under more than one facility category.

(2) The "Operation and Training Facilities" category is to be packaged in the justification books as two separate categories, i.e., "Operation Facilities" followed by "Training Facilities."

(3) Books containing the Forms DD 1391/1391C are to include omnibus packages for the energy conservation investment, and air and water pollution abatement programs. The total requested for each of these programs will be identified separately on single DD 1391s with the detail of program (installation, location, cost, and project description) provided on continuation pages (DD 1391C). None of the projects included in these categories are to be listed under any other facility category.

(4) Each DD 1391 form for a major construction project must show the construction contract award date (indicate month and year the contract is planned to be awarded to the construction firm, the construction start date (indicate month and year construction is planned to start), and construction completion date (indicate month and year construction is planned to be completed). The information should be displayed on the DD 1391, section 12, Supplemental Data.

(5) All DD 1391 forms must include a name and phone number of the civil engineer at the installation responsible for the requested project. This information should be displayed in the bottom left hand corner on the last page of the DD 1391.

b. Minor Construction. The total minor construction program request should be submitted as an omnibus package on a single Form DD 1391, specifying the lump-sum amount proposed for unspecified (unforeseen) minor construction projects costing up to $ 1.5 million per project.

c. Supporting Activities. The funding request for Supporting Activities will continue to be reflected as a lump sum amount on DD Form 1391. Supporting detail (location/cost) will be shown parenthetically following the lump sum estimate. While this item will be addressed for decision making purposes in the document covering Utilities and Real Estate, it should be listed separately and not included in the indexes for either Utilities or Real Estate, which fall under different facility category codes.

d. Restrictions on Omnibus Construction Packages. Apart from the specific exceptions noted for the pollution abatement, energy conservation, and minor construction programs, which are discrete decisions, there are to be no other omnibus packages or breakouts in the DD 1391 justification books. All other projects are to be listed under the appropriate facility category. In this respect, the Marine Corps facilities program is to be integrated with the Navy facilities program so that all Navy and Marine facilities are included in a single Department of Navy facility category listing covering the entire "Military Construction, Navy" appropriation request. However, a separate "non-add" listing or index of all Marine Corps unique facilities, similar to those provided in the past, is both useful and desired.

e. Budget Summary and Indexing. Each Component will provide a one page Budget Summary at the front of the justification book that provides a summary of the total construction program request. The summary will show, by column, the total obligation authority (TOA), budget authority (BA), and authorization requested with subtotals by budget activity. Additionally, the books containing the Forms DD 1391/1391C should provide, immediately preceding each category section, an index showing facility category code numbers, installation and location, project number and title, cost, and DD 1391 page number. The index should also identify each project as either new mission or current mission.

f. Multi-service and National Level Support Programs. Projects providing multi-service or national level support are to be programmed/budgeted under the appropriation, "Military Construction, Defense-Wide", or, in the case of NATO Security Investment Program, under the appropriation "North Atlantic Treaty Organization Security Investment Program." These are to be determined on a case-by-case basis, and should be identified as early as possible in the program planning phase. Such items will be identified in the POM/PDM process with appropriate programmatic adjustment or treatment during that phase of the review.

g. Should, on rare occasions, other candidates surface following completion of the POM/PDM process, they will require review in the budget review process. The following guidelines apply:

(1) The individual military departments will serve in an executive agency capacity for support of those construction items. The military department assigned executive agency responsibility will continue to provide all necessary and appropriate management support for such projects, including preparation of budget justification materials, and will continue to fully manage and execute the program including the preparation of all budget justification materials and defense of estimates submitted to Congress.

(2) For those projects which have been identified and programmed as multi-service or national level support programs during the POM/PDM process, the executive agent will provide, at the time of its own budget submission, a separate submission consisting of all justification materials (DD 1391/1391C) necessary

for OSD/OMB review. Such projects are not to be reflected (duplicated) in the submission covering the department's own program (i.e., financial program, facility category listings, etc.).

(3) For those projects which may surface following the POM/PDM process as possible additional candidates, the sponsoring military departments will include these in their own construction program submissions as outlined earlier in this chapter, within their own fiscal levels, and separately highlight such items, providing a narrative explaining the basis for change.

3. Construction Programs for the Guard and Reserve Forces. Justification materials for the Guard and Reserve construction programs will be submitted on DD Forms 1391/1391C (Project Data). A separate justification book is required for each of the five Guard and Reserve appropriations.

a. The DD Forms 1391/1391C will be in a single volume covering total requirements for each appropriation. The materials will be sequenced in alphabetical order, by state and by installation within state. The justification pages covering the lump-sum amount requested for minor construction will appear last. The DD Forms 1390S will be in a separate section following the DD Forms 1391/1391C. Each book is to include an index in the front, showing the installation and location, project title, project cost, DD 1391 page number, and arranged in alphabetical order by state.

b. Each Guard and Reserve program submission is to include separate listings identifying amounts requested in the budget year for: (a) air and water pollution abatement; and (b) energy conservation investment programs. Each listing is to show the installation and location, project title, project cost, and DD 1391 page number. "Negative response" listings are required to assure complete coverage.

4. Construction Planning and Design. The annual estimates for planning and design are to be identified and justified on DD Form 1391. In preparing the annual estimates, full consideration should be given to the lead-time required to meet the objective of having each construction project at the 35 percent design stage at the time the Budget is submitted to OSD. Guard and Reserve component construction projects will meet the design criteria established in DoDI 1225.8, "Programs and Procedures for Reserve Component Facilities and Unit Stationing," at the time the budget request is submitted to OSD.

a. The Military Departments will develop and submit planning estimates in support of the construction programs for the individual Active Forces, Guard and Reserve programs.

b. The Office of the Secretary of Defense will prepare a DD Form 1391, consolidating estimates to be submitted by the Defense Components having justified requirements for Defense Agencies planning and design funds.

(1) Each Defense Agency having a requirement for planning funds during the current and budget years is to submit its estimates on a DD Form 1391.

(2) The individual Military Departments may have a justified requirement for use of Defense-Wide planning funds under circumstances where the Military Departments serve as executive agents for certain multi-service or national-level support projects if funding is required to design a project which will be constructed using Military Construction, Defense-Wide funds. Under such circumstances, the Military Department should submit its estimates on a separate DD Form 1391.

5. Automated Data Requirement. All Military Construction estimates for the Active Forces, Defense Agencies, Guard and Reserve Components shall be addressed in the Exhibit C-1 Construction Annex input prescribed in Chapter 1.

6. Long-Term Facilities Contracts. A DD Form 1390 and 1391 must be submitted for each project proposed under the authorities of 10 U. S. C., Chapter 169. All additional supporting justification should be included in the DD 1390 Form and DD 1391 Justifications. These include Section 2809 ("Long-term facilities contracts for certain activities and services"), Section 2812 ("Lease-Purchase of Facilities"), Section 2835 (Long-term leasing of military family housing to be constructed"), Section 2836 ("Military housing rental guarantee

program"), and other third party financed construction authorities. Private financing initiatives will be closely reviewed to ensure their programmatic and budgetary viability. So that an informed decision regarding inclusion of the project in the budget may be made during the budget review, proposed projects must be supported by an economic analysis. In addition, to establish a reasonable expectation that the long-term facility project meets Congressional guidance that all third party financed projects, including proposed child care facilities, be at least five percent less expensive than regular military construction appropriation, a lease-versus-buy analysis conducted in accordance with the provisions of OMB Circular A-94 must also be submitted as backup documentation for the DD 1391.

a. In development of cost estimates, military construction alternatives should not exceed the published DoD pricing guidance. Private sector construction estimates should be fully supported by documentation and include all pertinent cost factors.

b. Guidance for development of the basic economic analysis required to support these long-term facility contracts is contained in DoDI 7041.3. The separate lease-versus-buy analysis must conform with OMB Circular A-104, and include full life-cycle costs and net present value discounting of each alternative.

c. Proposed child care facilities should also include in their justification the results of a market survey of child care services available in the local community, and the results of a need assessment and installation interest survey that documents and supports the need for the proposed project.

d. Authorization and appropriation procedures for long-term lease and lease-purchase contracts are special cases and may not be treated as regular military construction in some respects. General guidance for the treatment of budget authority, outlays, and scorekeeping guidelines for lease-purchase and capital lease contracts is contained in OMB Circular A-11.

(1) Under the provisions of public law these contracts may, depending on the authority used, be for periods of up to thirty-two years exclusive of the period of construction. However, for projects proposed under the authority of 10 U.S.C., Sections 2809, 2835, and 2836 the obligation of the United States to make payments under the contract in any fiscal year is subject to appropriations being provided specifically for that fiscal year and specifically for that project.

(2) Annual lease or annual lease-purchase payments commence at the time of beneficial occupancy, usually after the budget year in which the project is proposed for authorization.

(3) Components will request authorization for the full asset value of the contract (the estimated construction or acquisition cost, the differential cost of financing, and any contract termination liability costs). Components will request budget authority for each project in the amount equal to the full extent of the Government's first year liability under the contract (the sum of all cost and contract termination liability costs), in the budget year the project is submitted for approval.

e. Components shall submit proposals for long-term facilities contracts in a separate section in the OSD/OMB Justification books. The section shall be entitled "Long-Term Facilities Contracts". The section will include all DD Form 1390 and DD 1391s for newly proposed projects, and be preceded with an index showing facility category code numbers, installation and location, project number and title, estimated military construction cost and DD Form 1391 page number. Long-term leases and lease-purchases will be separately summarized in the index. In order to assess the long term financial impact of these proposals the section should also include a financial table that provides project data and cumulative totals for; total estimated project authorization, estimated annual lease payment, and year of planned beneficial occupancy.

f. Congressional budget presentation Justification Book guidance is provided in section 0604 of this manual.

g. Following approval of projects for inclusion in the President's Budget, Components may then proceed with project development.

h. In accordance with 10 U. S. C. these projects must be submitted to Congress for final review or approval 21 days in advance of contract award. Unless denied by Congress, Components may make contract award following the 21 day notification period.

(1) Components will submit these projects for approval to the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the OUSD(Comptroller), prior to congressional notification, and again prior to the final submission to Congress.

(2) In order to ensure that only economical investments are approved, and that budget requests are sufficient to cover the full financing of the contract, only those projects demonstrated to be more cost effective than regular Military Construction will be approved for submission to Congress.

7. *Construction Programs for Working Capital Funds*

The Working Capital Funds related capital construction projects costing over *$500,000* will be included in the component military construction appropriation (including budget authority) budget estimates submission for review.

a. Military construction projects supporting the Working Capital Funds must be clearly labeled as Working Capital Fund projects. The C-1 Annex will include the Working Capital Fund projects (annotated as such) with their associated budget authority.

b. A separate copy of military construction projects supporting the Working Capital Funds will be provided to the Directorate for Revolving Funds, Program/Budget, OUSD(C) (Pentagon, room 3B866).

c. Copies of associated economic analysis studies supporting the construction requirements for Fund projects will be separately provided to the Directorate for Construction, Program/Budget, OUSD(C) (Pentagon, room 3D840).

8. Facilities Programming and Financing at DoD Installations Utilized by Two or More DoD Components. This section establishes the policy for programming and financing facilities at DoD installations where utilization by more than one DoD Component is involved, including host-tenant relationships.

a. Responsibilities

(1) To ensure joint use construction is considered when assessing the Department's facilities needs, each DD Form 1391 must include a certification by the Secretary or Defense Agency Director concerned that the proposed project has been considered for joint use potential; a recommendation for either joint use or unilateral construction; and the reason(s) for that recommendation if joint use is not recommended. The certification may be delegated not lower than the Assistant Secretary responsible for the project.

(2) Single-Use Facilities. The DoD Component requiring a facility for its own use shall program and budget for the construction project involved.

(3) Joint-Use Facilities. The DoD Component which has jurisdiction over the host command shall program and budget for a facility which is planned for the joint use or joint occupancy of two or more DoD Components.

(4) Common-Purpose Facilities. On a case-by-case basis, the individual DoD Components shall function as executive agents for programs whose output directly and uniquely operates to the benefit of two or more DoD Components. The executive agent shall be responsible for planning and programming all facilities.

(5) Required Facilities. Generally, the host Military Department will program and budget an extension, expansion, and/or increase the capacity of the main utilities and communications or transportation systems, consistent with the master plan of the installation, to support any required facilities, including

those required by a tenant. However, programming and budgeting for such connecting utilities and communications or transportation systems as an integral part of any single-use facility are the responsibilities of the DoD Components requiring the facility.

(6) Siting Facilities. Siting of any facility for a tenant will conform to the master plan of the installation or will be in accordance with an agreed-upon location by the DoD Components concerned.

(7) Design. Standards of design and construction will conform to those of the host Military Department, consistent with the master plan of the installation; however, exceptions will be made in those instances where tactical or other operational considerations requiring limited duration of occupancy economically would not justify construction of facilities to higher standards.

b. Utilization

(1) The tenant DoD Component will have exclusive use of any facility constructed for the duration of the tenants requirement. Upon termination of tenancy or use by the tenant, the facility will revert to the host Military Department for utilization without fee.

(2) Should the tenant DoD Component, at a later date have a requirement for use of the same facility, the host Military Department will make the facility, or an acceptable existing facility, available within a reasonable time period to the tenant. The host Military Department will not reconstruct or acquire a new facility for the tenant instead of returning the original facility or an acceptable existing substitute. If the host Military Department is not able to make a facility available to the tenant without creating unacceptable conditions for the host, the tenant will be responsible for obtaining a new facility.

c. Maintenance and Service Support Determination as to the levels of maintenance and service support and reimbursement therefore will be made by the DoD Components concerned consistent with DoD policies for host-tenant agreements.

060302 Family Housing

A. Purpose

1. This Section prescribes instructions for the preparation and submission of budget estimates for the Services' Family Housing, appropriations.

2. Budget estimates will be submitted by the Services and Agencies which have requirements for financing the Family Housing Program as defined in Section 060106.

B. Submission Requirements

1. Budget Estimates. Each DoD Component is to submit data to support the budget requirement for Family Housing on the basis of the accounts and account structure set forth in the detail prescribed in Section 060302 B.3 (Preparation of Material). In addition, each DoD Component will address Family Housing estimates in the Exhibit C-1 Construction Annex input prescribed in Section 010504.

2. General

a. All data (including the OP-5 exhibit) will be provided on 8-1/2 inch by 11 inch size paper, typed across the short dimension of the paper, except for the formal exhibits contained in Section 0605 which have been formatted across the long dimension of the paper (FH-2, FH-3, FH-4, and FH-5). All pages will be bound on the 11 inch side.

b. The family housing budget data will be bound in separate books for the Army, Navy (including Marine Corps, with Debt Payment and Operations and Maintenance Cost for Marine Corps shown separately), Air Force, and Defense Agencies.

c. The number of required copies of the above material is specified in Section 010302.

d. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

3. Preparation of Material. Submit data using forms and formats as indicate below. Separate tabbed sections will be submitted for each of the categories below (a, b, and 4-18).

a. Index Provide a detailed index to the submission.

b. Summary

(1) Provide a short narrative summary (no more than one page) describing the most significant features of the request. This summary need not cover every facet of the request and is intended to highlight those items of special significance.

(2) Provide a one-page financial summary of the entire request. This should include, as a minimum, the amounts requested for authorization and appropriation for the major programs (Construction, Operation and Maintenance, Utilities, Leasing, Debt and Reimbursable) and for the major subdivisions of these programs, as described below.

4. Legislative Language. Submit the requested authorization and appropriation language. Existing language should serve as a base, with changes and omissions bracketed.

5. New Construction

a. Summary. Provide a brief summary of the New Construction program. The summary should include, as a minimum: a short narrative highlighting the most significant features of the request, a comparison of the prior year program with the request, and a listing of each project requested showing location, number of units and the estimated cost. The index should also identify each project as either new mission or current mission.

b. Project Justification. For each New Construction project, including the construction of mobile home spaces, the following forms and exhibits are required. Additionally, in accordance with Sections 2823 and 2824 of Title 10 U.S.C., provide documentation of consultations with the Secretary of Housing and Urban Development on the availability of suitable alternative housing at each construction location.

(1) Military Construction Project Data -- DD Form 1391. Form will be prepared in accordance with the instructions contained in Section 0605 of this manual. It is important to avoid the use of "boiler-plate" justification. Cost estimates for new construction projects will include the maximum level of detail practicable. Any unusual features impacting on the cost of the project must be fully justified. In order to ensure prudent and economic investments a life-cycle, net present value economic cost analysis is required to support all new construction projects estimated to cost in excess of $2 million dollars. Copies of these studies are to be provided with the Family Housing budget estimates. Each DD Form 1391 will (1) state if an economic analysis has been prepared and provide a summary of the results of that analysis, including the calculated savings-to-investment ratio, or (2) provide the specific reasons why an economic analysis is not required. Assemble the DD Form 1391's in the same sequence as the listing of projects on the summary page.

(2) Military Family Housing Justification - DD Form 1523. Form will be prepared in accordance with DoD Housing Management 4165.64-M. Data supplied should be in agreement with the latest formal housing survey for the location, and with the information provided on the DD Form 1390. The date of the survey should be specified. The form must include a statement indicating whether a private sector housing market analysis has been conducted and the date the market analysis was completed. When a market analysis has been conducted and is used as justification for new construction, a copy of the analysis must be available for review upon

request. Since this form deals with housing deficit calculations, the DD Form 1523 is required for housing unit and mobile home space projects only.

(3) Tri-Service Family Housing Cost Model. Provide, for each housing project, the calculations on which the budget estimate is based, using Exhibit FH-1, the "Tri-Service Family Housing Cost Model". The appropriate DoD cost factors must be used in the calculations. In addition, Tri-Service Family Housing Cost Models should be prepared using metric units of measure.

6. Post-Acquisition Construction

a. Summary. Provide a general summary of the Post-Acquisition Construction program being requested. The summary should include, as a minimum, a short narrative highlighting the most significant features of the request, and a comparison of the prior year program with the request. For consistency, the program should be referred to as "Post-Acquisition Construction" rather than "Improvements" or any other title.

b. Project Justification. Provide a DD Form 1391 covering the entire Post-Acquisition Construction program and DD Form(s) 1391C listing each project requested. Project description should be specific with regard to the work which is to be done (specify the number of units to be improved by the intended occupant grade; senior officer, junior officer, or enlisted), and note planned concurrent RPM non-routine costs. Projects should be arranged alphabetically by state and country. Federal Energy Management Program (FEMP) funding, if any, must be separately totaled. Projects, or portions of projects, for General and Flag Officer Quarters (GFOQ) must be identified separately. For improvement projects, where the cost per unit exceed sixty percent of the current replacement value of the unit, the project must be supported by a life-cycle economic analysis that demonstrates that renovation is more cost effective than new replacement construction or other available alternatives, such as demolition and reliance on housing allowances.

c. Projects in Excess of $50,000 Per Unit. A separate DD Form 1391 is required for each project for which the per unit cost is in excess of $50,000, taking into consideration the appropriate DoD area cost construction index. In the case of improvements necessary to make the unit suitable for habitation by a handicapped person this threshold is increased to $60,000 multiplied by the applicable area cost factor. The cost estimate should also include concurrent repair to be funded under O&M. The justification for the project must detail the findings of an economic analysis and the resulting savings-to-investment ratio. Any unusual features impacting on the cost of the project must be clearly cited. Additionally, note the total Post-Acquisition Construction and non-routine maintenance for the unit or set of units over the past five years.

d. Restriction on the Amount Invested in Improving Foreign Source Housing Units. The three-year limitation on overseas units is $35,000. If the Services intend to program improvements to specific units which exceed $35,000 over a period of three years, total funding should be requested in one year. The justification for each unit should identify all improvements and major maintenance work done in the past three years, and all improvements and major maintenance planned in the following three years.

7. Rental Guarantee Housing. For each rental guarantee housing project, both foreign and domestic, provide a listing showing: (1) location, (2) number of units (by intended occupants (senior officer, junior officer, enlisted), (3) term of contract, (4) fiscal year and month of contract renewal, and (5) maximum termination costs.

8. Advance Planning and Design. All requirements for Advance Planning and Design should be submitted in the format prescribed for military construction.

9. Operation and Maintenance Summary

a. Narrative Summary. Provide a general summary of the entire Operations and Maintenance program being requested, excluding leasing and debt. The summary should include, as a minimum, a succinct narrative highlighting the significant features of the request and a comparison of the prior year program with the budget request, particularly the reasons for any significant upward or downward shifts in funding levels.

b. Inventory and Funding Summary.

(1) Provide the data called for in Exhibit FH-2, Family Housing Operation and Maintenance Summary. *Include for each fiscal year, as a subset of "Average Inventory for Year," the total number of units that are classified as historic (units that DoD must manage in accordance with the National Historic Preservation Act of 1966).*

(2) Provide the total civilian personnel compensation for all U.S. Direct Hires, Foreign National Direct Hires and Foreign National Indirect Hires. This information should be provided for the prior year, current year and budget years in the format of Exhibit OP-8, Civilian Personnel Costs, shown in Section 030402 of this manual. This exhibit is only required for inclusion in the OMB/OSD review, but should be provided separately for the President's Budget submission.

10. Operations. The sub-accounts of Operations are Management, Services, Furnishings and Miscellaneous. For each of these provide:

a. Summary. A short narrative describing what the funds will be used for and highlighting the most significant features of the request. For the Furnishings program only, provide additional information in the format of Exhibit FH-3, "Furnishings Summary".

b. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to the Exhibit OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change must be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 and FH-3 exhibits, etc.

11. Utilities. For the Utilities program, separate from Operations, provide the following:

a. A short narrative describing what the funds will be used for and highlighting the most significant features of the request. This should contain a section dealing with energy consumption reductions accomplished and progress made towards meeting Congressional and Defense energy conservation goals.

b. A breakout of KWH of electricity, tons of coal, cubic feet of gas, barrels of oil and other energy usage which supports the request for utilities.

c. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to the Exhibit OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change must be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 exhibit, etc.

12. Maintenance

a. Provide a short narrative describing what the funds will be used for and highlighting the most significant features of the request.

b. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to the Exhibit OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change must be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 exhibit, etc.

c. Provide a summary on the backlog of deferred maintenance. Describe the plans for reducing the backlog to a manageable level. Provide an analysis of types of projects, type and accuracy of reporting and special efforts to reduce the backlog. Provide a table showing, for BY-3 through BY2, (1) backlog at beginning of year, (2) recurring maintenance arising during the year, (3) maintenance funds approved or planned, (4) backlog at end of year, and (5) backlog reduction (-) or growth (+) during the fiscal year.

13. Maintenance and Repair Over $20,000 Per Unit

a. Using DD Forms 1391 and 1391C, provide data on maintenance and repair projects for which the per-unit cost exceeds *$20,000*. As a minimum, the 1391C should provide, for each project: (1) location, (2) number of units, (3) age of units, (4) per unit cost, (5) total square footage of unit and square footage of project, (6) total cost, and (7) short narrative description and justification of the work, including results of economic analysis and savings-to-investment ratio. Additionally, describe the total Post-Acquisition Construction and non-routine maintenance accomplished on the unit or set of units over the past five years. Projects should be listed alphabetically by state and country, as displayed for the Post Acquisition Construction projects.

b. Projects which appear as concurrent maintenance and repair on the 1391's for Post-Acquisition Construction (see Section 060302 B.7 above) will be shown here if they exceed the *$20,000* per unit threshold, with a notation stating that the project is also shown in the post acquisition construction section.

14. G&FOQ O&M Costs Over $25,000 Per Unit

a. Provide a summary statement detailing your efforts to control and reduce expenditures for these "high-cost" units.

b. Provide a listing of all General and Flag Officer Quarters (G&FOQ) for which total Operation and Maintenance cost exceeds $25,000 for the Budget Year. Listing should include, for each: (1) location, (2) quarters identification, (3) size of unit, (4) age of unit, (5) operations total, (6) utilities total, (7) maintenance total, (8) total O&M, and (9) short narrative description and justification of the work, including results of economic analysis and savings-to-investment ratio. Additionally, note the total Post-Acquisition Construction and maintenance costs for the unit or set of units over the past five years.

c. This listing will include all G&FOQ projects for which total Operation and Maintenance exceeds $25,000, including those listed in other sections of the submission.

d. Provide a similar listing for the Prior Year and Current Year units with O&M over $25,000 and which were not included in the previous budget request.

e. In addition, to satisfy the annual reporting requirement of section 128 of the FY2000 Military Construction Act, a separate listing (off-line from BES and President's Budget) of all GFOQs is required by December 1 each year. The listing must reflect actual operation and maintenance expenditures for each GFOQ for the prior fiscal year, and shall be in the format of Exhibit FH-5 General and Flag Officers Quarters.

15. Reimbursable Program. Provide a detailed justification for the Reimbursable Authority requested. Include information on what precisely is funded through the reimbursable program and details on the sources of receipts for the prior year, current year and budget year.

16. Leasing

a. Provide a brief summary statement describing the program and highlighting major initiatives for which funds are being requested.

b. For domestic and foreign leases, provide a summary justification statement. Also provide data on the leasing program in the format of Exhibit FH-4, "Analysis of Leased Units." Information should be provided at the installation or community level, whichever is most applicable. For each new project requested, also

include a full justification and description, in the same format as for a New Construction project (see Section 060302 B.6 above).

c. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to the Exhibit OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported.

d. For each new Section 801 lease project requested, include a full justification and description, in the same format as for a New Construction project (see Section 060302 B.6 above) , including the results of the economic analysis.

e. Under Section 2828 of 10 U.S.C., the Components are allowed not more than 10,000 domestic (United States, Puerto Rico, or Guam) leased units. The cost of domestic leases may not exceed $12,000 (including the cost of utilities, maintenance, and operation) per unit per year. Section 2828 permits an exception for 500 of these domestic leased units that may exceed $12,000 per unit per year but can not exceed $14,000 per unit per year. Beginning in FY 1994, these maximum lease amounts are adjusted each year by the percentage (if any) by which the Consumer Price Index (CPI) for All Urban Consumers, published by the Bureau of Labor Statistics, during the preceding fiscal year exceeds the CPI for the fiscal year before the preceding fiscal year. For example, the FY 1994 cap of $12,000 is adjusted by the following formula: $12,000 * [FY 1993 average annual CPI / FY 1992 average annual CPI] = new cap. The average annual CPI is calculated by adding the CPI for each month in a fiscal year and dividing by 12. Beginning in FY 1998, the Army has authority to lease 8 units in Miami, Florida. The lease cost of these units may not exceed $280,000 per year, and no lease on any individual housing unit may exceed $60,000 per year. These limits will be adjusted for increases in the CPI, using the above formula, beginning in FY 1999.

f. Also Under Section 2828 of 10 U.S.C., the Components are allowed not more than 53,000 foreign leased units. Foreign leases may not exceed $20,000 per unit per year (including the cost of utilities, maintenance, and operation). Section 2828 permits exceptions for 450 leased units that may exceed $20,000 but that can not exceed $25,000 per unit per year and for 350 leases that may exceed $25,000 per unit per year. The Navy also has authority to lease an additional 2,000 units in Italy that may not exceed $25,000 per unit per year. These dollar limits are adjusted for the annual percentage change in the CPI as described in section 060302 B.16.e. above and for foreign currency fluctuations from October 1, 1987. To determine the impact of foreign currency fluctuation on the rental rate, these high cost "cap" rental rates must be computed for each foreign country, each year to adjust for the impact of foreign currency fluctuation. After the caps of $20,000 and $25,000 U.S. dollars are adjusted by country, the adjusted rates becomes the new cap for determining whether a lease must be counted against the exception limits for a given budget year. Then, if a rental exceeds the adjusted maximum costs, it counts against the high cost ceiling limitations of 450 and 350, units, respectively, DoD-wide. For each nation the formula that is to be applied is: $20,000 adjusted for CPI changes or $25,000 adjusted for CPI changes * [FY 1988 exchange rate / current budget exchange rate] = new cap limit.

(1) Where the "FY 1988 exchange rate" is the exchange rate that was published by the USD(C) for use in preparing the FY 1988 budget estimates, stated in units of foreign currency for one (1) U.S. dollar:

Country	Monetary Unit	FY 1988 Exchange Rate
Belgium	Franc	42.77
Canada	Dollar	1.39
Denmark	Krone	7.75
Germany	Mark	2.06
France	Franc	6.72
Greece	Drachma	139.90
Italy	Lira	1,423.00
Japan	Yen	163.10
Netherlands	Guilder	2.33
Norway	Krone	7.52
Portugal	Escudo	150.5
Spain	Peseta	137.60
Turkey	Lira	743.50
United Kingdom	Pound	0.70

For countries not listed, use the October 1, 1987 exchange rate.

(2) Where the "current budget exchange rate" is the rate published by the USD(C) for use in preparing the fiscal year budget estimates for which the lease funds are being requested, stated in units of foreign currency for one (1) U.S. dollar.

(3) The new cap limit is the maximum amount in dollars that a lease may cost per unit per annum for each nation, before that unit must count against the worldwide 350 and 450 unit limits on exceptions for high cost leases for the fiscal year for which the budget resources are being requested.

(4) Provide a summary table showing application of the above formula for each nation where high cost leases exist or are proposed, and the total number of such leases.

17. Debt Payments

a. Provide a brief justification statement describing the requested program.

b. Provide a table identifying separately the total of the principal payments, and interest charges, and the totals for the Servicemen's Mortgage Insurance Premium program for the prior, current, and budget years.

c. For the Servicemen's Mortgage Insurance Premium program provide a listing showing, for each fiscal year: the number of terminations, the number of mortgages on which payments are to be made, the average payment per mortgage, and the estimated payments for the year. This table should start with the prior year, and end with BY+1.

18. Foreign Currency Exchange Data All Family Housing Operation and Maintenance appropriations that participate in the Foreign Currency Fluctuations, Construction, Defense appropriation are required to prepare and submit a PB-18 Exhibit using the approved foreign currency exchange rates. The format for the PB-18 Exhibit is in section 191204 of Chapter 19 of Volume 2 of the DoD Financial Management Regulation (DoD 7000.14-R).

060303 Homeowners' Assistance Fund, Defense

A. Purpose

1. This Section provides guidance for the preparation and submission of Homeowners' Assistance Fund, Defense budget estimates under the Department of the Army allocation account.

2. Budget estimates will be submitted only by the Department of the Army since that Department has been assigned the overall responsibility for the administration and management of the Department of Defense Homeowners' Assistance program by DoD Directive 4165.50.

3. Each Component is responsible for including sufficient resources in their budget estimate to fund Homeowners Assistance Program (HAP) costs related to their Component's actions associated with base closures, realignments, and force reductions. The level of resources required to fund HAP costs shall be developed in consultation with the Army, as the HAP executive agent. Budget estimates for HAP shall be separately identified and submitted in Component BRAC submissions for HAP costs associated with realignments and closures and in the O&M submission for non-BRAC related HAP costs.

B. Submission Requirements

1. Submit a narrative explanation and description for current and budget years, setting forth estimated cases of assistance by type and location, including a summary of management and disposal actions by the Federal Housing Administration relating to acquired property.

2. The following exhibits, provided in Section 0605, will be submitted:

HA-1	Workload and Obligation Data
HA-2	Status of Accounts
HA-3	Work Unit Data
HA-4	Program and Financing

In addition, the Army will address Homeowners' Assistance Fund estimates in the Exhibit C-1 Construction Annex input prescribed in Section 010504.

3. Required copies of the above material are identified in Section 010302.

4. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

C. Preparation of Material. All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper, while Exhibits HA-1, 2, 3 and 4 will be typed across the long dimension.

060304 North Atlantic Treaty Organization (NATO) Security Investment Program

A. Purpose

1. This section provides guidance for preparation and submission of the NATO Security Investment Program budget estimates.

2. Budget estimates will be submitted by the OUSD(AT&L) since that office has been assigned the overall responsibility for the oversight and management of the NATO Security Investment Program by DoDD 2010.5.

B. Submission Requirements. Submit a *detailed exhibit, NSIP-1,* listing requirements at the project level *for both construction and procurement requirements.* The listing should be sufficiently detailed to identify discrete projects and initiatives. Aggregations at the capability package level i.e., Defense of the Mediterranean, are not sufficiently detailed and should be broken down further to show the individual projects/initiatives comprising the capability packages. A narrative explanation and description of each of the requirements for the current and budget years should be provided. *The NSIP-1 exhibit is attached for the NATO Security Investment Program to identify the following information: Location, Installation, Project Title, Description of Project, Budget Scheme (how many NATO Nations participating in the funding of the project), Project Cost, U.S. Cost Share, Other Nations Cost Share. This will be provided for both the current year and budget year.*

C. Preparation of Material. All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper.

060305 North Atlantic Treaty Organization (NATO) Security Investment Program Expansion Costs

A. Expansion Costs. Submit a list of all requirements, construction and procurement, associated with NATO expansion. The listing should be sufficiently detailed to identify discrete projects and initiatives. Aggregations at the capability package level i.e., Defense of the Southern Region, are not sufficiently detailed and should be broken down further to show the individual projects/initiatives comprising the capability packages. *The NSIP-1 exhibit is attached for the NATO Security Investment Program to identify the following information of projects associated with NATO Expansion: Location, Installation, Project Title, Description of Project, Budget Scheme (how many NATO Nations participating in the funding of the project), Total Project Cost, U.S. Cost Share, Other Nations Cost Share. This will be provided for both the current year and budget year.* A narrative explanation and description of each of the requirements for the budget years should be provided. The budget estimate for NATO Expansion Costs should be identified in Budget Activity (BA) 02 as presented in Chapter 1.

060306 Family Housing Improvement Fund

A. Purpose

1. This section prescribes instructions for the preparation and submission of budget estimates for the Family Housing Improvement Fund (FHIF).

2. The Competitive Sourcing and Privatization Directorate (CS&PD), ODUSD(Installations), shall provide an overview of the Military Housing Privatization Initiative (MHPI). The overview should contain a status of the Department's initiative, a description of the initiative's goals, and plans to achieve those goals. Further, any required appropriations to the FHIF for CS&P administrative costs shall be identified and justified in the CS&P overview submission.

B. Submission Requirements

1. The Services shall provide a schedule for their privatization projects using the exhibit at FH-6, Family Housing Privatization. Also, the New Construction summary, DD Forms 1391, and Improvement projects should indicate which family housing construction projects are intended as a source of funding for privatization initiatives. A lump sum DD Form 1391 may also be used to identify family housing construction funds for transfer to the FHIF. Each Service shall also provide a narrative summary of their MHPI programs.

2. Direct Loans and Guaranteed Loans: OMB credit data requirements and MAX schedules for inclusion in the President's Budget are contained in section 33 of OMB circular A-11. The Services must ensure that the required data will be available by December 1 of each year for their loan programs. The information will be requested under separate cover.

0604 CONGRESSIONAL JUSTIFICATION/PRESENTATION

060401 Purpose

A. This Section presents the justification book organization and the exhibit requirement for submission to Congress. Examples of budget exhibits can be found in Section 0605.

060402 Organization of Justification Books

A. Justification material will be organized into one volume entitled:

Supporting Data for Fiscal Year
20BY1/20BY2 Budget Estimates
Descriptive Summaries

B. This volume will be divided into two sections, organized as shown on the following pages.

A. Organization

Table of Contents and Summary Data

The summary data will include a state list of all major, minor and family housing construction projects.

Section 1 Special Program Considerations

This section will include the following topics with a short narrative or summary table, and other special interest items as applicable.

Facilities Funded Through Other Than Military Construction
Pollution Abatement Program
Energy Conservation Program
Drug Interdiction Program

Section 2 Budget Appendix Extract

Legislative Language

Section 3 Installation and Project Justification Data
DD Forms 1390 and 1391

Section 4 Architectural and Engineering Services and Construction Design

Section 5 Unspecified Minor Construction

Section 6 Defense Access Roads

Section 7 Family Housing

Section 8 Homeowners' Assistance (Army Only)

Section 9 Long-Term Facilities Contracts

Section 10 Working Capital Fund Capital Construction

B. Biennial Budget Submission. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

C. The volume will be organized by state/country and location. Projects should be shown in precisely the same order as they appear in the State List portion of the Construction Annex (C-1).

D. All construction line items included in the funding program in support of the total obligational authority for the Military Construction appropriations in the President's Budget will be summarized on Installation and Project Justification Data, DD Forms 1390 and 1391/1391C. In addition to data provided on DD Forms 1390 and 1391, justification books submitted to the House and Senate Appropriations, the House National Security Committee, and the Senate Armed Services Committees in support of Military Construction Program requests will contain supplemental data prepared in the formats prescribed below on the reverse of DD Form 1391. The Guard and Reserve Forces will use a DD Form 1390S continuation page in lieu of DD Form 1390. All forms required for a project will be grouped and combined in the same book arranged in category code order within state and station.

E. Section 5 will include an exhibit entitled "Long-Term Facilities Contracts", separately listing projects proposed under 10 U. S. C. Sections 2809 and 2812 authorities, arranged in the same order as they would

appear in the State list portion of the Construction Annex (C-1). This exhibit will be followed by the DD Forms 1390 and 1391 for each new project proposed. The section will also include a special financing table reflecting both prior approved long-term facility contracts and new requests, as specified in Section 060301 B.7.

F. Section 060502 contains detailed instructions for preparation of DD Forms 1390 and 1391/1391C. Detailed instructions for preparation of the supplementary justification material are given in Section 060405. The following additional instructions apply:

1. In addition to other data requirements, components are required to indicate on the DD Form 1391C for each individual project a statement indicating whether or not an economic analysis has been utilized in evaluating the project. In those instances where an economic analysis has not been prepared, a statement is required indicating why such analysis is not applicable or pertinent.

2. Lump-sum requests for a number of construction projects at a single location or for related projects at several locations will not be considered.

3. Projects associated with intelligence or intelligence-related operations will be so identified. Block 5, Program Element, DD Form 1391, will include the annotation "NFIP", "JMIP", or "TIARA" as appropriate.

4. Consistent with Executive Order 12770 of July 25, 1991, Military Construction and Family Housing budget submissions, including DD Forms 1390 and 1391, should be prepared using metric units of measure. *In accordance with congressional report language, DD Forms 1390 and 1391 must also include parenthetically the English measurement.*

5. All DD Forms 1391 should include a name and phone number of the civil engineer at the installation responsible for the requested project. This information should be displayed in the bottom left hand corner on the last page of the 1391.

6. The budget submission should include the real property maintenance backlog at all installations for which there is a requested construction project. This information is to be provided as subsection c. in block 9 of the DD Form 1390 under the heading, "RPM Backlog". In addition, for all unaccompanied housing project requests, the DD Form 1391 is to show all unaccompanied housing real property maintenance conducted in the past 2 years (FY 2000 and FY 2001) and all future RPM requirements (defined as RPM funding for unaccompanied housing included in the FYPD years) for unaccompanied housing at that installation. This information should appear as the last data in the DD Form 1391 under the heading "FY 2000 Unaccompanied Housing RPM Conducted:," "FY 2001 Unaccompanied Housing RPM Conducted:," and "Future Unaccompanied Housing RPM Requirements;."

G. Justification Book Covers and Binding of Data

1. Justification materials will be provided on 8-1/2" x 11" white paper, typed across the short dimension of the paper (portrait) with 3 holes punched on the left margin and bound with Acco fasteners. Material is to be printed on both sides of the page using 1" margins. The DD Form 1390 should be printed on white paper, not on yellow paper as previously required.

2. Justification book covers will be 220 index stock using the following colors: Army - green; Navy - buff; Air Force - blue; Defense-Wide - white. Covers will bear the appropriate security classification (should any volume require such classification), title of the appropriation and fiscal year, and the phrase "Justification data submitted to Congress." The designation "For Official Use Only" will not be used.

3. Separate justification books will be prepared for those projects which require classified information on the DD Forms 1390 and 1391/1391C.

4. The individual Defense Agencies will submit either originals of DD Forms 1390 and 1391/1391C, or copies of a quality suitable for printing. These are to be used for preparation of consolidated

justification books for submission to Congress. These submissions are not to be punched or bound. Pages are not to be numbered. Covers are not required. One complete set of each is to be delivered to: the OUSD(C) Program/Budget, Directorate for Construction; and the ODUSD(Industrial Affairs and Installations).

5. Each justification book (and each submission of the Defense Agencies described in Paragraph 4, above) is to include an index of installations and projects by state and country, arranged alphabetically, in precisely the same order as the projects appear in the State List portion of the Construction Annex (C-1).

060403 Submission of Military Construction Justification Books

A. Review by OSD. Before the justification material can be released by the Military Departments to the Congress, it must be reviewed by USD (Comptroller) to assure that policies and decisions made by the President and Secretary of Defense are fully reflected. Justification material prepared by the individual Defense Agencies will be submitted to USD(C) as requested for preparation of consolidated justification books for submission to the Committees on Appropriations.

B. Security Clearances. Each Military Department will be responsible for the clearance of its justification books through OSD Security Review. OUSD(C) will be responsible for the clearance of the Defense Agencies justification books through OSD Security Review.

C. Number of Copies. Three advance sets of justification books will be forwarded for review to the Directorate for Construction, OUSD(C), Room 3D841, Pentagon. See Chapter 1 for the detailed instructions on number of copies and distribution of printed material.

D. Instructions for Preparation of Supplemental Justification Data in Support of Annual Military Construction Programs. Each data requirement shall be filled in as appropriate including negative responses to indicate that the item has been addressed.

1. Instructions for Preparation of Summary Lists Each Military Service and Defense Agency shall prepare a State List and an Installation List. These lists shall include every project for which funds have been requested.

2. Instructions for Preparation of DD Form 1390 Supplemental Installation Data. The following data shall be provided in an appropriate place on DD Form 1390:

a. Outstanding Pollution and Safety (OSHA) Deficiencies

(1) Air Pollution. Enter cost of all air pollution abatement projects for the out years. Do not include cost of budget year projects.

(2) Water Pollution. Follow instructions for Air Pollution, a.1., above.

(3) Safety and Occupational Health Deficiencies. Follow instructions for a.1 above and use definitions cited in Section 060403 above for this data.

3. Instructions for Preparation of DD Form 1391 Supplemental (Facility) Data. The following data shall be provided for each facility in the program using the back of standard DD Form 1391.

a. Design Data (Estimates)

(1) Status

(a) Enter date design was started (i.e., date when all appropriate design contracting procedures have been completed and the designer directed to proceed with design).

(b) Enter the percent of design completed as of January 1, of the year in which the budget is submitted to the Congress (e.g., January 2, 2000, for FY 2001 projects).

(c) Enter date design expected to be 35% completed.

(d) Enter date design will be completed (i.e., date when all reviews will be completed and construction contract ready for advertising).

(e) Include the annotation "parametric estimates have been used to develop project cost" if the cost estimate is based on parametric estimates in lieu of the traditional 35% design.

(f) Enter the type of design contract (design-bid, design-bid-build, or other, if other, provide a brief description of the design contract.

(g) Indicate whether an energy study and a life-cycle analysis was performed in support of the design of the proposed facility.

(2) Basis.

(a) Indicate whether or not design is based on a standard or definitive design.

(b) If answer to (a) is affirmative, indicate where design was previously used.

(3) Total Design Cost. Indicate total federal cost (all costs to be charged to planning and design accounts) as follows:

(a) Cost of the production of plans and specifications (those costs included within the 6 percent statutory cost limitations).

(b) All other costs of design

(c) Total Cost (a + b or d + e).

(d) Amount of cost estimated to be spent on contracts.

(e) Amount of cost to be spent in-house (total cost if design is all within house; overhead and administration costs if design is contracted out, or other breakout).

(4) Construction Contract Award Date. Indicate month and year the contract is planned to be awarded to the construction firm.

(5) Construction Start Date. Indicate month and year construction is planned to start.

(6) Construction Completion Date. Indicate month and year construction is planned to be completed.

b. Equipment Associated with This Project Which Will be Provided From Other Appropriations List only those items which support the cost shown in Block 9 of the DD Form 1391, for Equipment Provided from Other Appropriations. Enter the equipment nomenclature, procuring appropriation, fiscal year in which the equipment was appropriated or is to be requested and the cost in thousands of dollars.

c. Working Capital Fund Projects. DD 1391s submitted in support of Working Capital Fund Capital Budget requirements will be labeled as such in Block 4, above the project title.

E. FYDP Project Listing. An updated Military Construction/Family Housing Outyear Project Data exhibit in the format specified in section 060502 shall be provided separately to the OUSD(C) Military Construction Directorate for all Active Force and Defense Agency military construction and family housing programs at the time justification materials are submitted for OSD review. The outyear project data exhibits for the Active Forces and Defense Agencies will not be included in the justification books provided to Congress. However, the justification book for each component of the National Guard and Reserve will contain a listing of all projects that are funded in the Future Years Defense Program (FYDP). The listing should be compiled by year and show the location, type of facility, and cost. The listing should contain only the projects/*programs (including family housing O&M accounts -- operation, leasing, maintenance, and Debt)* that are funded in the President's budget FYDP. The Military Construction/Family Housing Outyear Project Data Exhibit to be used is contained in section 060502.

060404 Submission of Family Housing Justification Books

A. Family Housing Justification, Military Departments. The format for the Congressional justification books for Family Housing will be identical to that detailed in Section 060302 for the budget estimates, with the following exceptions:

1. Submission Requirements. Family Housing Congressional justification material will be submitted with the Military Construction justification books for each military department. The Family Housing material should follow that provided for Military Construction. (See Section 060302B.2.b)

2. Military Construction Program -- DD Form 1390. Form will be prepared in accordance with section 060502. One form is required for each location. Personnel data should be based on latest approved totals for the installation or area. Inventory data should include only Family Housing assets. The form should be printed on white paper, and should precede the DD 1391.

3. Tri-Service Family Housing Cost Model. This form is not required. (See Section 060302B.5.b.(3)).

4. Civilian Personnel Costs -- Exhibit OP-8. This form is not required. (See Section 060302B.9.b.(2)).

5. Furnishings Summary -- Exhibit FH-3. This form is not required. (See Section 060302B.10.a)

6. Submission by Department of the Army Only. Since the Department of the Army has been designated as the executive agent to execute the Homeowners' Assistance Program for the Department of Defense, only the Department of the Army will submit justification material as described in Section 060303.

B. Family Housing Justification, Defense Agencies

1. Component Responsibilities. Separate justification material, in the format described in Section 060302 and similar to that specified above for the Military Departments, will be provided by the individual Defense Agencies. The submissions will provide separate Construction, Operation and Maintenance, and Leasing exhibits, as appropriate, for Defense Intelligence Agency, Defense Logistics Agency, and National Security Agency.

2. Consolidation and Review by OSD. Original pages of justification material prepared by the individual Defense Agencies will be submitted to the Directorate for Construction, OUSD(C) Program/Budget, Room 3D841, as requested by the call letter for the preparation of consolidated justification books for submission to the Congress. One copy of the justification material should be submitted concurrently to the ODUSD(Industrial Affairs and Installations).

3. Justification Material Format. Justification material submitted by the Defense Agencies will be unbound. Covers are not required. Pages will not be numbered. All data will be provided on 8-1/2 inch by 11 inch paper, typed across the short dimension of the paper with 1 inch margins, except for the FH-2, and FH-4 exhibits, which will be typed across the long dimension.

4. Classification. All justification material will be unclassified.

060405 Submission of Justification Books for the Homeowners' Assistance Fund, Defense Appropriation

A. Organization of Justification Books. Justification data will include items detailed in Section 060303 for the budget estimates. Material will be incorporated as the final section of the Army's military construction/family housing justification book.

B. Submission by Department of the Army Only. Since the Department of the Army has been designated as the executive agent to execute the Homeowners' Assistance Program for the Department of Defense, only the Department of the Army will submit justification data.

C. Review by OSD. Before the justification material can be released to the Congress, it must be reviewed by the USD(C) to assure that policies and decisions made by the President and Secretary of Defense are fully reflected.

D. Security Clearances. The Department of the Army will be responsible for clearance of the justification book through OSD Security Review.

E. Number of Copies. See Section 010401 for instructions on the number of copies required and the distribution.

0605 MILITARY CONSTRUCTION/FAMILY HOUSING APPROPRIATION SUBMISSION FORMATS

060501 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of the chapter. Unless modified in a submission budget call, these formats should be adhered to.

060502 Exhibits in Support of Section 060301 - Budget Estimates Submission/Military Construction

DD 1390 Military Construction Program 37
DD1390S/1 Guard and Reserve Military Construction 41
DD 1391/1391C Military Construction Project Data 45
Military Construction/Family Housing Outyear Project Data 52

060503 Exhibits in Support of Section 060302 - Budget Estimates Submission/Family Housing

Military Construction/Family Housing Outyear Project Data 52
Exhibit FH-1 Tri-Service Family Housing Cost Model 53
FH-2 Family Housing Operation and Maintenance 54
FH-3 Furnishings Summary 55
FH-4 Analysis of Leased Units 57
FH-5 General and Flag Officers' Quarters 58
FH-6 Family Housing Privatization 59
OP-5 (Part 2) Attachment 1: Reconciliation of Increases and Decreases 60

060504 Exhibits in Support of Section 060303 - Budget Estimates Submission/Homeowners Assistance

HA-1 Homeowners Assistance - Workload and Obligation Data 62
HA-2 Homeowners Assistance Status of Accounts 63
HA-3 Homeowners Assistance Work Unit Data 64
HA-4 Homeowners Assistance Program and Financing 65

060505 Exhibits in Support of Section 060304 - Budget Estimates Submission/NATO Security Investment Program

NSIP -1 NSIP Project Data 66

1. COMPONENT	FY 19___ MILITARY CONSTRUCTION PROGRAM	2. DATE 22 Apr 96
3. INSTALLATION AND LOCATION	4. COMMAND	5. AREA CONSTRUCTION COST INDEX

6. PERSONNEL	PERMANENT			STUDENTS			SUPPORTED			TOTAL
	OFFICER	ENLISTED	CIVILIAN	OFFICER	ENLISTED	CIVILIAN	OFFICER	ENLISTED	CIVILIAN	
a. AS OF										
b. END FY 19										

7. INVENTORY DATA ($000)

a. TOTAL ACREAGE.....

b. INVENTORY TOTAL AS OF.....

c. AUTHORIZATION NOT YET IN INVENTORY.....

d. AUTHORIZATION REQUESTED IN THIS PROGRAM.....

e. AUTHORIZATION INCLUDED IN THE FOLLOWING PROGRAM.....

f. PLANNED IN NEXT THREE PROGRAM YEARS.....

g. REMAINING DEFICIENCY.....

h. GRAND TOTAL.....

8. PROJECTS REQUESTED IN THIS PROGRAM:

CATEGORY CODE	PROJECT TITLE	SCOPE	COST ($000)	DESIGN STATUS START	DESIGN STATUS COMPLETE

9. FUTURE PROJECTS:

10. MISSION OR MAJOR FUNCTIONS:

11. OUTSTANDING POLLUTION AND SAFETY DEFICIENCIES:

DD Form 1 DEC 1390 — PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED — PAGE NO. 1 OF 4

DD 1390 Military Construction Program

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1390, "FY_ MILITARY CONSTRUCTION PROGRAM"

The DD Form 1390 will be used by the active services to list the projects proposed for inclusion in the Military Construction Program, including requests for (10 new authorization; (2) funding of new authorization; and (3) funding of prior years' authorization. The Guard and Reserve Forces will use a DD Form 1390s instead of the DD Form 1390.

Instructions for preparation of DD Form 1390 follow:

Items 1 and 2 - Component and Date: Self explanatory. Date prepared or the date the budget estimate submission is due to OSD.

Item 3 - Installation and Location: Enter the official name of the installation. Enter the name of the state if within the United States or the name of the country or island chain if outside the United States. In the case of Guard and Reserve facilities, enter the city and state if the facility is not to be constructed on a military installation. Use "classified location" only when necessary to meet security classification guidelines.

Item 4 - Command: Enter the name of the host major command responsible for management control of the installation.

Item 5 - Area Construction Cost Index: Enter the construction cost index used in estimating the cost of the project(s). Consult the latest guidance published by DUSD(I).

Item 6 - Personnel Strength: Enter personnel strengths for permanent, student, and support activities. Include transient personnel where applicable.

a. As of: Enter September 30 of the year of submittal to OSD.

b. End FY 20_: Enter end of the budget year, plus 5 years.

Item 7 - Inventory Data ($000):

a. Total Acreage: Enter the number of acres owned and/or leased by the Government, under accountability of the Military Department concerned, as shown in the latest Inventory of Military Real Property.

b. Inventory Total As Of September 30 __: Enter the date and the current real property inventory total (except land rent). These totals should include inventory amounts for family housing.

c. Authorization Not Yet In Inventory: Enter the amount of funded and unfunded authorization for the construction of facilities or acquisition of land which have not been included in the September 30 Inventory of Real Property. This amount will include only such authorization as is related to either the Military Construction Program or the Family Housing Program as the case may be.

d. Authorization Requested In This Program: Enter the total cost for construction and land acquisition being requested for authorization in the budget year.

e. Authorization Included in Following Program: Enter the total estimated cost of construction and land acquisition required for authorization for the program year following the budget year.

f. Planned in Next Three Program Years: Enter the total estimated cost of construction and land acquisition required for the three years beyond the budget year and following year programs (i.e., second, third, and fourth years beyond the budget year). This amount should agree with the data used in the preparation of the military construction or family housing estimates contained in the Future Years Defense Program.

g. Remaining Deficiency: Enter the total estimated cost of construction and land acquisition required for existing facilities deficiencies remaining beyond the three program years covered in 7.f., above.

h. Grand Total: Enter the total of items 7.b. through 7.g..

Item 8 - Projects Requested In This Program: Installation or activity projects for the budget year shall be listed individually with attendant information provided in the appropriate column. Both major and minor construction projects are to be included as shown on the sample form.

a. Column 1 - Category Code: Enter the applicable category code consistent with the category code shown in Item 6 of the DD Form 1391 for the project.

b. Column 2 - Projects Title: Enter the project title consistent with the title shown in Item 4 of the DD Form 1391.

c. Column 3 - Scope: Enter the same quantity shown in Item 9 of the DD Form 1391, "Cost Estimates," and include the unit of measure (e.g., SM, SY, LF, PR, EA, CY, etc.). *Immediately following or directly beneath the metric quantity and unit of measure, parenthetically include the English quantity and measurement.* In those instances where a specific quantity cannot be satisfactorily identified, enter LS for lump sum.

d. Column 4 - Cost ($000): Enter the project cost consistent with the cost shown in Item 8 of the DD Form 1391. If two or more projects are listed, enter the total in this column, and use this figure in Item 7.d., above.

e. Column 5 - Design Status: Enter the most accurate possible dates for the start and completion of design using numerals (e.g., 6/94, 11/95).

Item 9 - Future Projects:

a. Included in Following Program (FY_): List all installation projects regardless of the number and include columnar data comparable to that provided in Item 8, but leave design status blank.

b. Planned Next Three Years: List projects planned for next three years in 9.b. and include columnar data comparable to that provided in Item 8., but leave design status blank. The total costs of the projects listed under Items 9.a. and 9.b. should be identical to the entries under Items 7.e. and 7.f., respectively. If additional space is required to list all projects under Items 9.a. and 9.b., a separate sheet of paper should be utilized.

Item 10 - Mission or Major Functions: Enter the principal types of peacetime units and/or functions assigned or scheduled for assignment to the installation that require facilities or substantially contribute to the base population. Also enter the current mission stating precisely what the activity will do and list the major functions performed. All entries should address the time period shown in Items 6.a. and 6.b..

Item 11 - Outstanding Pollution and Safety Deficiencies ($000): List all projects included in the budget request and planned for the next three years that are programmed for outstanding pollution and safety deficiencies. Use the format in Item 8.

Notes:

1. Space requirements for Items 8, 9, 10, and 11 may vary. Therefore, remaining space on the DD Form 1390 may be utilized as necessary for the specific entries and continued on a separate sheet of paper. A solid black line should be used to set Items 8, 9, 10, and 11 apart and individual item titles and subheadings should be added.

2. Projects that were authorized (but not appropriated) in prior years will be listed in the same manner as projects for which new authorization is requested. The fiscal year in which the project was authorized will be shown after the project title in Item 8.

1. COMPONENT	FY 20__ GUARD AND RESERVE MILITARY CONSTRUCTION	2. DATE
3. INSTALLATION AND LOCATION		4. AREA CONSTR COST INDEX

5. FREQUENCY AND TYPE OF UTILIZATION

6. OTHER ACTIVE/GUARD/RESERVE INSTALLATIONS WITHIN 15 MILES RADIUS

7. PROJECTS REQUESTED IN THIS PROGRAM:

CATEGORY CODE	PROJECT TITLE	SCOPE	COST $(000)	DESIGN STATUS START	DESIGN STATUS CMPL

8. STATE RESERVE FORCES FACILITIES BOARD RECOMMENDATION

(Date)

9. LAND ACQUISITION REQUIRED

_____
(Number of Acres)

10. PROJECTS PLANNED IN NEXT FOUR YEARS

CATEGORY CODE	PROJECT TITLE	SCOPE	COST $(000)

1. COMPONENT	FY 20__ GUARD AND RESERVE MILITARY CONSTRUCTION	2. DATE

3. INSTALLATION AND LOCATION

11. PERSONNEL STRENGTH AS OF

	PERMANENT				GUARD/RESERVE		
	TOTAL	OFFICER	ENLISTED	CIVILIAN	TOTAL	OFFICER	ENLISTED
AUTHORIZED							
ACTUAL							

12. RESERVE UNIT DATA

UNIT DESIGNATION	STRENGTH	
	AUTHORIZED	ACTUAL

13. MAJOR EQUIPMENT AND AIRCRAFT

TYPE	AUTHORIZED	ACTUAL

14. OUTSTANDING PLLUTION AND SAFETY DEFICIENCIES

($000)

DD FORM 1390s, 1 DEC 76 Previous editions may be used. Page No

DD 1390S/2 Guard and Reserve Military Construction

Page 2 of 4

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1390s, "FY_ GUARD AND RESERVE FORCES MILITARY CONSTRUCTION"

The DD Form 1390 will be used by the Guard and Reserve Forces to supplement the data entered in the DD Form 1391, FY 19_ Military Construction Program..

Instructions for preparation of DD Form 1390s follow:

Item 1 - Component: Enter the specific Guard or Reserve Forces component of the active services. Recognized abbreviations such as ARNG (Army National Guard); ANG (Air National Guard); etc., are acceptable.

Item 2 - Date: Date prepared or the date the budget estimate submission is due to OSD.

Item 3 - Installation and Location: For facilities not located at DoD installations or commercial airfields, enter the name of the city and State in which the projects are located. For other facilities, enter the name of the DoD installation and its geographical location to the extent that it is not included in the installation name.

Item 4 - Area Construction Cost Index: Enter the construction cost index used in estimating the cost of the project(s). Consult the latest guidance published by DUSD(IA&I).

Item 5 - Frequency And Type Of Utilization: Enter the type of utilization (e.g., weekend drill, weeknight drill, unit training activities, annual active duty for training, etc.) and indicate number of days the installation is used per month/year, as appropriate.

Item 6 - Other Active/Guard/Reserve Installations Within 15 Mile Radius: List the nearest six existing Active and existing or programmed (within the next five years) Reserve component facilities and their distances, within a fifteen mile radius of the proposed construction site. If no facilities exist within the fifteen mile radius, identify the three closest installations. Indicate the year the facilities were constructed and the size of the facility.

Item 7 - Projects Requested In This Program: Installation or activity projects for the budget year shall be listed individually with attendant information provided in the appropriate column. Both major and minor construction projects are to be included.

a. Column 1 - Category Code: Enter the applicable category code consistent with the category code shown in Item 6 of the DD Form 1391.

b. Column 2 - Project Title: Enter the project title consistent with the title shown in Item 4 of the DD Form 1391.

c. Column 3 - Scope: Enter the same quantity shown in Item 9 of the DD Form 1391, Cost Estimates, and include the unit of measure (e.g., SM, SY, LF, PR, EA, CY, etc.). *Immediately following or directly beneath the metric quantity and unit of measure, parenthetically include the English quantity and measurement.* In those instances where a specific quantity cannot be satisfactorily identified, enter LS for lump sum.

d. Column 4 - Cost ($000): Enter the project cost consistent with the cost shown in Item 8 of the DD Form 1391. If two or more projects are listed, enter the total in this column. In the case of Army National Guard projects where part of the financing is from other than Federal sources, enter only the Federal share.

e. Column 5 - Design Status: Enter the most accurate possible dates for the start and completion of design using numerals (e.g., 6/94, 11/95).

Item 8 - State Guard/Reserve Forces Facilities Board Recommendations (Date): Enter the following statement "facilities identified in Item 6 have been examined by the State Reserve Forces Facilities Board for possible joint use/expansion. The Board recommendations are _____." (Note: Project folders will contain justification data to support the recommendation.)

Item 9 - Land Acquisition Required (Number of Acres): Enter the acreage required for the project and the method of acquisition (e.g., fee, title, donation, lease, etc.). For all projects involving land acquisition, a site survey must be conducted in accordance with DoD Directive 1225.5 and the following statement must be entered, either in Item 9 or Item 10: "Site survey has been completed and site is suitable for constructing the proposed project at the estimated cost indicated."

Item 10 - Projects Planned In Next Four Years: Enter the Project Title and Estimated Cost for projects planned at the installation identified in Item 3 for the next four years beyond this program year. A maximum of five projects should be identified. For armory-type projects, list those facilities which are programmed for replacement within the next four years within a fifteen mile radius of the proposed project as well as the year the facilities were constructed. If none are planned, so indicate. Items shall contain columnar data comparable to that provided in Item 7 with the exception of design status which should be left blank.

Item 11 - Personnel Strength As Of _____: In the appropriate columns, enter the number of authorized and actual personnel at this facility as of six months prior to project submission.

Item 12 - Reserve Unit Data: List the designated units assigned and/or scheduled to be trained in the requested facilities. Enter the corresponding authorized and actual strengths of each unit, indicating actual strength as of the date listed in Item 11.

Item 13 - Major Equipment and Aircraft: List the vehicular and/or other large equipment and aircraft which are to be accommodated at the installation and which have a bearing on the type and/or scope of the facility requirement. When vehicle maintenance shops are being requested, the Weighted Equipment Density (WED) for the vehicles to be maintained will be included in this item.

1.COMPONENT	FY 20__ MILITARY CONSTRUCTION PROJECT DATA	2. Date

3.INSTALLATION AND LOCATION	4. PROJECT TITLE

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST ($000)

9. COST ESTIMATES

ITEM	U/M	QUANTITY	Unit Cost	Cost ($000)

10. DESCRIPTION OF PROPOSED CONSTRUCTION

DD FORM 1391
1 DEC 76

PREVIOUS EDITIONS MAY BE USED INTERNALLY
UNTIL EXHAUSTED

PAGE NO
Page 1of 7

DD 1391/1391C Military Construction Project Data

1.COMPONENT	FY 20__ MILITARY CONSTRUCTION PROJECT DATA	2. Date
3.INSTALLATION AND LOCATION		4. PROJECT TITLE

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST ($000)

DD FORM 1391C
1 DEC 76

PREVIOUS EDITIONS MAY BE USED INTERNALLY
UNTIL EXHAUSTED

PAGE NO
Page 2 of 7

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1391/1391C
"FY __MILITARY CONSTRUCTION PROJECT DATA"

1. The DD Form 1391 will be used, as applicable, by the Active, Guard, and Reserve Forces to support each project proposed for inclusion in the Military Construction Program. This includes both new authorization projects in the program as well as urgent unforeseen projects using emergency or contingency authorization. This form will also be used to transmit supporting data for the following types of projects:

a. Minor construction projects, 10 U.S.C. 2805.

b. Operation and maintenance type projects required to be submitted to OSD in accordance with the provisions of DoD Directives 4270.36, 1225.7 and 4165.6.

c. Nonappropriated fund construction projects requiring OSD concurrence or approval.

d. Nonappropriated fund construction projects requiring OSD concurrence or approval.

e. Family housing projects.

2. The continuation sheet (DD Form 1391c) will be used as required for explanation of the requirement for the project (item 11.) and other mandatory statements concerning flood plains and wetlands environmental impact, accessibility to the handicapped, fallout shelters, etc. However, when submitting an annual Military Construction Program, these mandatory statements may be included in the front of the program book.

3. Instructions for preparation of DD Form 1391 are outlined below:

a. ITEMS 1 and 2 - COMPONENT AND DATE: Self-evident.

b. ITEM 3 - INSTALLATION AND LOCATION: Enter the official name of the installation. Use code name or designations only when necessary to preclude security classification or when an official name is not available. Enter the name of the State if within the United States or the name of the country or island chain if outside the United States. In the case of Guard and Reserve Forces facilities, enter the city and State if the facility is not to be constructed on a military installation.

c. ITEM 4 - PROJECT TITLE: Enter the title used in item 8, column 2 of the DD Form 1390, assuring that it corresponds to the category code in item 6.

(1) Except for new construction, the type of work, such as "addition," "conversion," "alteration," or "modernization" shall be used in the title.

(2) Where a single structure is to serve more than one purpose, the title should reflect the predominate use.

(3) The scope of a project or number of buildings involved will not be shown in the title (i.e., and "Enlisted Quarters" project will not be shown as "Two 250 Man Enlisted Quarters.")

(4) Avoid the inclusion of acronyms.

(5) If a project requires land acquisition estimated to cost in excess of $50,000, the project title will be suffixed with "With Land Acquisition". Land to be acquired for the construction of several projects or for other purposes shall be programmed as a separate project and identified on a separate DD Form 1391.

d. ITEM 5 -PROGRAM ELEMENT: Enter the appropriate number as it relates to the "Future Years Defense Program," except when inclusion of this number would require classification of an otherwise unclassified form.

e. ITEM 6 - CATEGORY CODE: Enter the applicable category code using no less than three nor more than six digits consistent with item 8, column 1 on DD Form 1390.

f. ITEM 7 -PROJECT NUMBER: Enter the number of the project assigned by the Component concerned. If no number has been assigned, indicate N/A (not applicable).

g. ITEM 8 - PROJECT COST: Enter the estimated cost in thousands of dollars (excluding design except for family housing) for which funding is being requested. The amount indicated should be identical to that shown in item 8., column 4, of the DD Form 1390 and should include the costs of the primary facilities, supporting facilities, contingencies, supervision, inspection, and overhead. Figure will be the Total Request entered in item 9. and will not include the figure entered for "Equipment Provided From Other Appropriations."

h. ITEM 9 - COST ESTIMATES: This portion of the DD Form 1391 is comprised of several elements which collectively comprise the Total Request. Each element will be identified, quantified, and costed in a series of five column entries as follows:

(1) Item: Identity of the Primary or Supporting Facility, etc. *After each "Item" entry where the metric measurement (square meters) is used in the Unit of Measure column, include in parenthesis the size of the facility in the English measurement (Square Feet).*

(2) U/M (unit of Measure): Each entry in the "item" column will be followed in the "U/M" column by the accepted two-character abbreviation for the unit of measure associated with the quantity of the item concerned (e.g., SM, SY, LF, KV, etc.). Where it is not feasible to show a specific unit of measure, use LS (Lump Sum).

(3) Quantity: Enter the required number of units of measure comprising the "item" entry. Where "LS" is the unit of measure, enter a dash (-).

(4) Unit Cost: Enter the appropriate unit cost for each "item" entry where a unit of measure is indicated. Where the unit of measure is "LS" enter a dash in the unit cost column.

(5) COST ($000):

(a) Enter the cost, in thousands of dollars, represented by the product of the "Quantity" and "Unit Cost" entries.

(b) When a single primary facility is listed enter the cost of the facility without parentheses. If unusual features or functional areas of the primary facility are listed, the cost of each shall be enclosed with parentheses. The sum total cost of these features shall equal the figure entered for the primary facility.

(c) When more than one primary facility is listed, the cost of each facility will be entered in the cost column without parentheses.

(d) The cost entry for the item "Supporting Facilities" shall be entered without parentheses and shall be the total of the various supporting facilities listed. However, each of the individual supporting facility costs shall be enclosed by parentheses.

(e) The cost entered for items such as "Subtotal," "Contingency," "Contract Cost," "SIOH," and "Total Request" shall be entered without parentheses. However, the cost for Equipment Provided From Other Appropriations" shall be entered as a nonadd item.

(f) Projects in category Code 500 will have separately identified the equipment purchased for the Surgeons General as "Category Equipment" showing the total cost of such equipment added to the "Total Request". Labor cost for installation of "Category E" equipment should be included in the unit cost for the primary facility because it is part of the "Total Contract Cost."

(6) PRIMARY FACILITY: Enter the identity and required columnar data for the primary facility. When the primary facility consists of two or more components the cost of the primary facility will be the sum of the costs of the individual components. In addition, subordinate components will be entered under the primary facility after indenting two spaces.

(a) Normally, the cost of fixed equipment provided as part of the construction contract (e.g., cooling, heating, and electrical systems, etc.) will be included in the cost of the primary facility. However, when the primary facility includes unusual features of significant cost, such as hyperbaric vessels and standby cooling, such features should be identified under the primary facility.

(b) Land acquisition required specifically for the project and estimated to cost $50,000 or more shall be listed in the same manner as an unusual feature. Conversely, land acquisitions estimated to cost less than $50,000 are to be accomplished under 10 U.S.C. 2672 and should not be listed.

(c) For family housing new construction, the entry under primary facility will show the total number of units in the project. As subordinate components to the primary facility "Units to 5' line," "GFE," and "Land Acquisition" will be shown in parentheses in the cost column to add up to the cost of the primary facility shown. Item 10 will be used to show the numbers and cost computations for the various types of living units which comprise the primary facility.

(d) "Lump-sum" funding requests are prohibited. The only instance for which separate construction projects can be combined under a single DD 1391 is when each of the projects is in the same general facility category (i.e., supply facilities, maintenance and production facilities, unaccompanied personnel housing, etc.). Programs such as "facility upgrades," "ATB Beddown Facilities," and others combining a number of disparate construction efforts must be justified as separate projects. If it is planned, in execution, to construct several of these projects at a single location under one contract, a statement to that effect should be included in the "Additional" section of Item 10.

(e) Antiterrorism Force Protection/physical security measures: the entry under primary facility will show physical security improvements (e.g. special structural improvements, ballistic glass, etc.). Where land acquisition serves a specific purpose such as stand-off distance for force protection, the acquisition shall be listed as an antiterrorism force protection subordinate component to the primary facility.

(7) SUPPORTING FACILITIES: List those items of construction directly related to and required for the support of the primary facility. Such items should include (a) special construction features (piles, spread footings, seismic, fill, etc.); (b) utilities (gas, oil, steam, electric, and water supply lines as well as sanitary and storm sewers); (c) site preparation; (d) roads, sidewalks, and parking; (e) site improvements (seeding, sodding, landscaping, etc.); (f) antiterrorism force protection/physical security measures such as physical security site improvements (e.g. fencing, perimeter/area lighting, blast mitigation barriers, berms and landscaping, etc); and (g) demolition. All supporting facility items should be listed in terms of accepted units of measure and quantity whenever practicable. For family housing, design cost will be identified under "Supporting Facilities."

(8) SUBTOTAL: Enter the sum of the costs shown for all primary and supporting facilities.

(9) CONTINGENCY: Enter the appropriate contingency rate, in parentheses, immediately following the item designation in column 1, and enter the cost equivalent in the proper column. *The appropriate contingency rate will be addressed in the guidance memorandum for the FY 2002/2003 Defense Budget Review.*

(10) TOTAL CONTRACT COST: Enter the sum of the "Subtotal" and the "Contingency" costs. In the case of Army National Guard, armory projects which are funded, in part, from other than Federal funds, enter the Federal costs on the first line and the State or other cost on the next line below.

(11) SUPERVISION, INSPECTION, AND OVERHEAD (SIOH): Enter the appropriate SIOH rate in column 1 after the item designation and reflect the cost equivalent in the proper column.

(12) TOTAL REQUEST: Enter the sum of the "Total Contract Cost" and the "SIOH". This figure should be identical to the entry in item 8., "Project Cost ($1000)". Total request should be rounded-off to provide a more realistic approach to the presentation of MILCON programs. The following guidance is provided for "rounding-off" a projects' total request:

Project (P) Estimate ($000)			Rounding Guidance ($000)
	<	1,000	Nearest $ 10K
1,000	to	5,000	Nearest $ 50K
5,000	to	10,000	Nearest $ 100K
10,000	to	15,000	Nearest $ 200K
15,000	to	20,000	Nearest $ 500K
	>	20,000	Nearest $ 1,000K

(13) EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS: Enter the total cost of equipment which is procured with other than MILCON funds and which is essential to the mission of the facility. DD Form 1391 should reflect only the cost of equipment identified in the Associated Equipment Report. If no such major equipment is associated with the project, enter a "zero" in the appropriate space. Note that this figure is not included in the "Total Request" above. This excludes minor items procured with O&M funds, and in the case of Army National Guard, excludes equipment provided from other then Federal appropriations.

i. ITEM 10 - DESCRIPTION OF PROPOSED CONSTRUCTION:

(1) In a clear and concise manner, provide a complete outline of all principal features of the work and its correlation with the various data entered in item 9.

(2) List specific antiterrorism force protection measures and antiterrorism force protection considerations that this project provides.

(3) Begin with an accurate description of the primary facility. For buildings, indicate the materials planned to be used for the frame, walls, roof, and foundations, and identify the major functions for which space is being provided. For structures other than buildings, describe each major element required to produce a complete and usable facility. Avoid the use of generalities such as "most economical means" or "modern methods and materials."

(4) Provide only such additional descriptive details as are necessary for clarity.

(5) Identify and list the buildings or structures to be demolished in connection with the proposed construction, if applicable.

(6) For single person quarters projects, indicate the grade mix of personnel, officer or enlisted, who will occupy the facilities.

(7) For projects involving additions, alterations, or conversions, describe the changes to be made.

(8) At the last entry in item 10., indicate the amount of air conditioning required (e.g., air conditioning - 15 tons).

j. ITEM 11 - REQUIREMENT: This portion of the DD Form 1391 is comprised of seven elements which are to be set forth in the following format:

(1) Immediately after the item title "Requirement" indicate, in appropriate units of measure, the total facility requirement (e.g., 5,500 SM), followed by two additional entries giving the status of the existing facility (e.g., adequate: 66,134 SF; substandard: -0-).

(2) PROJECT: Provide a one-sentence statement indicating what this project provides.

(3) REQUIREMENT: Provide detailed, informative statements as to precisely why the project is needed. Use positive statements to support the requirement and avoid the use of such words as "inadequate," "uneconomical," and "necessary" unless they are fully explained. Similarly, when identifying contributing factors, assure that the presentation leaves no pertinent questions unanswered (e.g., vulnerability to terrorist threats (reference threat/vulnerability assessment); excessive maintenance (show cost comparison); self-liquidation (show amortization); or advanced deterioration (describe effects)). The requirements must establish maximum utilization of existing facilities and identify alternatives considered, along with reasons for their rejection.

(4) CURRENT SITUATION. Describe how and under what conditions the requirement is presently being met. Comments should support the stated requirement and include the identity and description of current assets as well as the reason they are considered unsuitable for continued use. For Guard and Reserve Forces projects which are to replace existing facilities, identify and describe the disposition to be made of them. Similarly, for Guard and Reserve Forces facilities to be constructed and/or utilized jointly with other Guard/Reserve components, include pertinent information and status of coordination or negotiations.

(5) IMPACT IF NOT PROVIDED. Describe the manner and extent to which mission accomplishment would be affected if the project were not approved.

(6) ADDITIONAL. If the project is justified on an economic basis (primary economic analysis), so state and indicate the projected payback period. As a minimum, all renovation, upgrade, and replacement projects must be supported by an economic analysis. For all other projects, state precisely why a primary economic analysis cannot be applied to the project. When providing supporting documentation for the OSD budget submission, enter appropriate statements on commercial/industrial operations in accordance with the OMB Circular A-76 and as required by applicable DoD Instruction. Entry of this information on the DD 1391 or on a separate DD 1391c is optional. For all overseas projects, state whether or not the project is eligible for NATO Infrastructure or other host nation funding.

(7) JOINT USE CERTIFICATION. Include the following certification: "The (enter the title of the certifying official) certifies that this project has been considered for joint use potential. Joint use construction is recommended." Or "The (enter the title of the certifying official) certifies that this project has been considered for joint use potential. Unilateral construction is recommended. The reasons for this recommendation are..."

NOTE: Space requirements for items 10. and 11. will vary. Therefore, remaining space on the DD Form 1391 may be used as necessary for the specific entries and continued on a DD Form 1391c as appropriate. A solid, black line should be used to set items 10. and 11. apart, and individual item titles and subheadings should be added.

Military Construction/Family Housing Outyear Project Data

Component	Fiscal Year	Appropriation	Installation	Location	Project Title	Facility Category	Program Element	Budgeted Amount	Change from Previous Submission	***Brief Explanation of Change***

Instructions:

1. This exhibit will be executed at the project level for each of the program years included in the Future Years Defense Program (FYDP) for which the Component has programmed funding (do not include projects for which funding is not programmed except as noted in instruction number 11 below) in MilCon (Major Construction & Supporting Activities and Family Housing Construction accounts) No project level detail is required for Minor Construction, Planning and Design, Family Housing Improvement or BRAC. List the totals for these as line items.

2. Data should be submitted in hard copy and on a disk in a Microsoft Access format or in Microsoft Excel format.

3. Text data should be in title case.

4. Component should be the specific Service Active, Guard or Reserve Force component or Defense Agency. Recognized abbreviations such as ARNG (Army National Guard), etc. are acceptable.

5. Fiscal year should be a four-digit number.

6. Appropriation should be a four digit number (treasury code).

7. Location is the two digit state or country code.

8. Facility category should be the three-digit code from the list in DoDI 4165.3.

9. Program element should be the appropriate number as it relates to the FYDP except when inclusion of this number would require classification of an otherwise unclassified form.

10. Budgeted amount is in thousands.

11. The change from previous submission column should show any changes from the budgeted amount in the previous *President's* budget submission. If a project from the previous submission is deleted, list the project and show zero in the budgeted amount column and the amount previously programmed in the change column.

12. Brief explanation of the reason for the change from previous budget submission.

13. For the hard copy, the data should be sorted by location and then by installation. The hard copy should also include a total for each fiscal year.

TRI-SERVICE FAMILY HOUSING COST MODEL

SERVICE_____ LOCATION_____

BASELINE:

( ) ( ) ( ) = $____
(# of units) (Avg Net SM) ($/NSM) = 5' Line Cost

PROJECT FACTORS:

( ) ( ) ( ) =_____
(ACF) (Proj Size Factor) (Unit Size Factor) = Project Factor

HOUSING COST:

( ) ( ) = $_____
(5' Line Cost) (Project Factor) = Housing Cost

( ) ( ) ( ) = $_____
(Solar Unit Cost) (ACF) (# of units) = Solar Cost

( )+( )_( ) = $
(Housing Cost)+(Solar Cost)_(# of units) = Average Unit Cost

SUPPORTING COSTS:

Site Preparation	_____
Roads and Paving	_____
Utilities	_____
Recreation	_____
Landscaping	_____
Special Construction Features	_____
Other (Specify)	_____
Support Cost	_____

SUMMARY:

( )+( )+( ) = $__
(Housing Cost)+(Solar Cost)+(Support Cost) = Subtotal____

( ) ( ) ( ) = $_____ $_____
(Subtotal) (Contingency) (SIOH) = Project Cost (Round)

( ) + ( ) ( ) ( ) = $
(Project Cost) + (# of units) (ANSM) (ACF) = Project Cost/SM

The Unit Cost Per Square Meter, Project Size Factors, Unit Size Factors, and Area Cost Factors will be provided under separate cover by the ODUSD(I) each year.

Exhibit FH-1 Tri-Service Family Housing Cost Model

Family Housing, _____
Operation and Maintenance Summary
(Excludes Leased Units and Costs)
FY ____

	FY(PY)		FY(CY)		FY(BY)	
A. Inventory Data						
Units in Beginning of Year						
Units at End of Year						
Average Inventory for Year						
a. Historic Units 1/						
Units Requiring O&M Funding:						
a. Conterminous U.S.						
b. U.S. Overseas						
c. Foreign						
d. Worldwide						
	Unit Cost 2/	**Total**	**Unit Cost 2/**	**Total**	**Unit Cost 2/**	**Total**
B. Funding Requirement						
1. Operations						
a. Management						
b. Services						
c. Furnishings						
d. Miscellaneous						
Subtotal-- Direct Obligations						
Anticipated Reimbursements						
Gross Obligations--Operations						
2. Utilities - Direct Obligations						
Anticipated Reimbursements						
Gross Obligations--Utilities						
3. Maintenance						
a. M&R, Dwellings						
b. M&R, Exterior Utilities						
c. M&R, Other Real Property						
d. Alterations & Additions						
Subtotal--Direct Obligations						
Anticipated Reimbursements						
Gross Obligations--Maintenance						
Grand Total, O&M - Direct Obligations						
Grand Total, Anticipated Reimbursements						
Grand Total, O&M - Gross Obligations						

1/ Show, as a subset of "Average Inventory for Year," the total number of units classified as historic (units that DoD must manage in accordance with the National Historic Act of 1966).
2/ Based on number of units requiring O&M funding

Exhibit FH-2 Family Housing Operation and Maintenance

Family Housing, _____
Furnishings Summary
(Dollars in Thousands)
FY ____

	Furnishings less Household Equipment					Household Equipment					Total Furnishings				
	Movg/ Hdling	Maint/ Repair	Replace ment	Initial Issue	Total	Movg/ Hdling	Maint/ Repair	Replace ment	Initial Issue	Total	Movg/ Hdling	Maint/ Repair	Replace ment	Initial Issue	Total
(PY)															
CONUS															
US O/S															
Foreign															
Public															
Private															
Total															
(CY)															
CONUS															
US O/S															
Foreign															
Public															
Private															
Total															
(BY)															
CONUS															
US O/S															
Foreign															
Public															
Private															
Total															

Exhibit FH-3 Furnishings Summary (Page 1 of 2)

INSTRUCTIONS FOR PREPARATION OF
FAMILY HOUSING FURNISHINGS SUMMARY
EXHIBIT FH-3

General. Furnishings to be included in Exhibit FH-3 are defined in Enclosure 6 to DoD Instruction 4165.43. For Unaccompanied Personnel Housing furnishings, see Exhibit OP-21, Chapter 232, this Manual.

Prior Year Data. For the prior year, enter estimated end year obligations.

Current, and Budget Year Data. Estimates should be based on requirements determined to be in accordance with Section XI of DoD Instruction 4165.43 and applicable experience data. Provide an explanation for differences of more than $1 million or 10%, whichever is less, between the total amount shown for furnishings in the current year and the budget year.

Moving and Handling. All identifiable transportation, handling and storage costs should be included here.

Initial Issue. Certain initial issue movable equipment, such as stoves and refrigerators, is usually procured as part of a construction project with construction funds, instead of operation funds. Likewise, in some circumstances leasing funds are utilized for furnishings in leased quarters. The FH-3 should reflect all family housing resources applied to furnishings, with memo entries to indicate the amounts funded from accounts other than the Furnishings portion of Operations and Maintenance.

Family Housing, _____
Analysis of Leased Units
FY 19__

Location	FY(PY) Unit Auth	FY(PY) Lease Months	FY(PY) Cost ($000)	FY(CY) Unit Auth	FY(CY) Lease Months	FY(CY) Cost ($000)	FY(BY) Unit Auth	FY(BY) Lease Months	FY(BY) Cost ($000)
Domestic Leases (list each location and month in which the annual award is exercised)									
Total Domestic Leases									
Foreign Leases (list each location and month in which the annual award is exercised)									
Total Foreign Leases									
Grand Total									

Exhibit FH-4 Analysis of Leased Units

Department of the __1/___
General and Flag Officers' Quarters
Operations and Maintenance Expenditures for Fiscal Year _2/__
(Dollars in Thousands)

State/ Country 3/	*Installation 4/*	*Quarters Address 5/*	*Year Built 6/*	*Size NSF 7/*	*Opns Cost* 8/*	*Utilities Cost* 9/*	*Maint Cost* 10/*	*Leasing Cost* 11/*	*Total FH O&M Cost* 12/*

Instructions:

1. *Service name.*
2. *Prior fiscal year.*
3. *State name or foreign country.*
4. *Installation name.*
5. *Specific quarters address or unit identification.*
6. *Calendar year in which the dwelling unit or building (in case of multiple units) was built. Identify with an asterisk (*) next to the year built those units that are on the national, state and/or local historic registry.*
7. *Total net square footage of the dwelling unit.*
8. *Total operations expenditure for the fiscal year.*
9. *Total utilities expenditure for the fiscal year.*
10. *Total maintenance expenditure for the fiscal year.*
11. *If applicable, total lease cost for the dwelling unit*
12. *Total family housing operations and maintenance expenditure for the dwelling unit for the fiscal year. Include in parenthesis beside the total family housing O&M figure any non-family housing O&M expenditures and a short description of these expenditures as a footnote.*

* *Show these cost figures in thousands of dollars, carried out to no more than one decimal place.*

Exhibit FH-5 General and Flag Officers' Quarters

_____1/_____ Family Housing Privatization

Year of Notification	*Installation/ State*	*# of Units*	*Notify Congress (Solicitation)*	*Notify Congress (Selection)*	*Deal Closing/ Contract Award*	*Funding*	*Authorities*
2/	3/	4/	5/	6/	7/	8/	9/

Instructions:

1. *Service name.*
2. *Fiscal year in which Congress is first notified of project. List all fiscal years and projects sequentially, for instance, first list all projects Congress was notified of in FY 1998, then all FY 1999 notifications, etc.*
3. *Installation name and state.*
4. *Number of units in the privatization initiative.*
5. *Month and calendar year Congress notified of intent to solicit privatization project.*
6. *Month and calendar year Congress notified of intent to award a project.*
7. *Month and calendar year privatization contract awarded.*
8. *Identify the amount, source and fiscal year of funds to be used for the Government's cost for instance $18.5 million of FY 1995 Family Housing Construction or $9 million of FY 2000 FHIF, or any combination thereof.*
9. *Indicate which authorities provided in subchapter IV of Chapter 169 in title 10 U.S.C. will be used for each project (e.g., Sec 2873, Sec 2875, etc).*

Note: This is basically the same information included in the quarterly report to Congress and should be consistent with that report, except that in this exhibit the projects requested in this budget that are intended as funding sources for privatization will also be reflected. Funding source for new privatization projects should be identified as BY Family Housing Construction.

Exhibit FH-6 Family Housing Privatization

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. FY 19CY President's Budget Request

2. Congressional Adjustments:
   a.
   b.
   c.
   etc.

3. FY 19CY Appropriated Amount

4. Supplemental Appropriation (if applicable):
   a. Civilian Pay Raise
      1) General Schedule
      2) Wage Board

   b. Program Supplemental
      1)
      2)
      etc.

5. Price Growth:

(Categorize and explain significant price growth.)

6. Functional Program Transfers:
   a) Transfers in
      1)
      2)
      etc.

   b) Transfers Out
      1)
      2)
      etc.

   (This category should be used only when a program function is transferred between activity groups or Services. This category should not be used to show the transfer of funds between activity groups in instances where the transfer of funds is not accompanied by a functional transfer of the program for which the funds were initially requested. Also see end "NOTE" on next page)

Reconciliation of Increases and Decreases (Continued)

(Dollars in Thousands)

7. Program Increases:
   a.
   b.
   c.
   etc.

8. Program Decreases:
   a.
   b.
   c.
   etc.

(For each program increase or decrease, provide quantitative and qualitative information relative to these changes, as well as the baseline (in dollars) to which the increase or decrease applies. Increases and decreases should address specific adjustments in program, particularly changes in inventory, management initiatives, transfers, statutory requirements, etc.)

9. FY 19CY Current Estimate
10. Price Growth (See 5 above)
11. Functional Program Transfers (See 6 above)
12. Program Increases (See 7 above)
13. Program Decreases (See 8 above)
14. FY 19BY1 Budget Request
15. Price Growth (See 5 above)
16. Functional Program Transfers (See 6 above)
17. Program Increases (See 7 above)
18. Program Decreases (See 8 above)
19. FY 19 BY2 Budget Request

NOTE: If a particular category of increase or decrease does not apply, leave it off the Exhibit OP-5 (rather than include it on the Exhibit OP-5 with a value of zero). Reprogramming actions included in the budget submission for the Current Year other than 1415-IR functional transfers should be shown separately. Except for this, categories of increases and/or decreases other than those shown above should not be used.

Exhibit OP-5 (Part 2) Attachment 1: Reconciliation of Increases and Decreases (page 2 of 2)

HOMEOWNERS' ASSISTANCE FUND, DEFENSE
WORKLOAD AND OBLIGATION DATA
FY 19 _____

	Actual FY (PY)			Estimated FY (CY)			Estimated FY (BY)		
	Units	Dollars (000)	Average ($)	Units	Dollars (000)	Average ($)	Units	Dollars (000)	Average ($)
1. Investment									
a. Equity Payments									
b. Liquidation of Second Mortgages									
c. Total Payments									
d. Mortgages Assumed									
e. Total Investment									
2. Expense - Corps of Engineers									
a. Payments - Private Sales									
b. Payments - Foreclosures									
c. Subtotal - Reimbursements to Homeowners									
d. Appraisals									
e. Administrative Expense									
f. Total Expense - CoE									
3. Expense - FHA									
a. Management & Maintenance of Homes									
b. Sales Expense									
c. Administrative Expense									
d. Total Expense - FHA									
4. Total Expense									
5. Total Program - Investment and Expense									

Exhibit HA-1 Homeowners Assistance - Workload and Obligation Data

HOMEOWNERS' ASSISTANCE FUND, DEFENSE
STATUS OF ACCOUNTS
FY 19___

ITEM	Cash ($000)	Authority to Spend Agency Debt Receipts ($000)	Total ($000)
1. EXPENDITURE ACCOUNT - RESOURCES AND APPLICATIONS (OBLIGATION BASIS)			
a. Resources			
(1) Unobligated balance, start of year			
(2) Appropriations			
(3) New authorization to spend Agency debt receipts			
(4) Revenue			
(a) Sales (Cash)			
(b) Other Revenue			
(5) Principal payments on mortgages (retirement of debt)			
(6) Total			
b. Applications			
(1) Payments on acquisition of properties			
(2) Value of mortgages payable assumed			
(3) Expenses			
(4) Transfer to miscellaneous receipts			
(5) Total			
c. Unobligated balance, end of period (line 1a(6) minus 1b(5))			
2. PROPERTY ACCOUNT			
a. On hand, start of year			
b. Payments for equity and second mortgages on acquisition of properties			
c. Value of mortgages payable assumed			
d. Less acquisition price of properties sold or disposed of otherwise (line 5b(1) below)			
e. On hand; end of period			
3. BORROWING ACCOUNT (MORTGAGES PAYABLE)			
a. Balance payable, start of year			
b. Value of mortgages payable assumed			
c. Less payments on principal			
d. Less value of mortgages liquidated			
e. Subtotal - Principal payments (retirement of debt)			
f. Balance payable, end of period			
4. NET EQUITY IN PROPERTY (line 2e minus line 3f)			

5. RECAPITULATION FOR PROPERTIES SOLD	Total ($000)	Average ($)
a. Sales price		
b. Less:		
(1) Acquisition Price		
(2) FHA or ACE Administrative Expenses		
c. Net gain or (loss)		

* Excludes Corps of Engineers Expense and FHA Expense

Exhibit HA-2 Homeowners Assistance Status of Accounts

HOMEOWNERS' ASSISTANCE FUND, DEFENSE
WORK UNIT DATA
FY 19_____

ITEM	MILITARY	CIVILIAN	TOTAL
1. APPLICATIONS FOR ASSISTANCE			
a. On hand - start of			
b. Received			
c. Less Actions Completed			
(1) Homes Acquired - For Outstanding Mortgage Balances			
(2) Homes Acquired - At 75%			
(3) Homes Acquired - No Mortgage			
(4) Reimbursements for Losses on Private Sales			
(5) Payments in Foreclosure Cases			
(6) Settlements - No Payment Due			
(7) Other (Not Eligible)			
d. On hand - end of period			
2. ACQUIRED HOMES			
a. On hand - start of year			
b. Acquired			
c. Disposed of			
d. On hand - end of period			
3. MORTGAGES PAYABLE			
a. On hand - start of year			
b. Assumed			
c. Less Liquidations			
d. On hand - end of period			
4. OTHER DATA			
a. Second Mortgages Liquidated			
b. Appraisals Made			
c. Appeals processed			
(Approved)			
(Disapproved)			

Exhibit HA-3 Homeowners Assistance Work Unit Data

Homeowners' Assistance Fund, Defense
Program and Financing
FY___

	FY 19PY Actual		FY 19CY Estimate		FY 19BY Estimate	
	Units	Obligations ($000)	Units	Obligations ($000)	Units	Obligations ($000)
Payments to homeowners 1/						
Other operating costs 2/						
Acquisition of properties 3/						
Mortgages assumed 4/						
Total program						
Available from prior year						
Estimated revenue 5/						
Available for other years						
Budget Authority						
Authorization to spend agency debt receipts						
Appropriation						

NOTES: 1/ Reimbursements to homeowners for losses; private sales or foreclosures. Work unit, "number of payments."
2/ DoD and FHA expenses. Work unit, "total number of applications processed, including rejections."
3/ Payments to homeowners for equity in properties acquired by the Government. Work unit, "number of properties."
4/ Value of mortgage balances assumed by the Government on properties acquired. Work unit "number of mortgages assumed."
5/ Recovery of Government's investment by the sale of properties. Work unit, "number of properties sold."

Exhibit HA-4 Homeowners Assistance Program and Financing

NATO Security Investment Program (NSIP) Project Data

Location	*Installation*	*Project Title*	*Project Description*	*Budget Scheme*	*Project Cost*	*U. S. Cost Share*	*Other Nation Cost Share*

Instructions:

1. This exhibit will identify the NSIP requirements, both military construction and procurement, at the project level detail. The exhibit should be completed for both the normal NSIP requirements and NATO Expansion requirements. The listing should be sufficiently detailed to identify discrete projects and initiative; aggregation at the capability package level i.e., Defense of the Mediterranean, is NOT sufficiently detailed.

2. Data should be submitted in hard copy and on a disk in a Microsoft Access format or in Microsoft Excel format.

3. Location: State or country where the project will be executed, i.e. Alaska, Turkey, or Italy.

4. Installation: Base where the project will be executed, i.e. Aviano AB.

5. Project Title.

6. Project Description: Explanation and description of each project.

7. Budgeted Scheme: Identify the number of NATO nations sharing in the cost of the project.

8. Project Cost: The total cost for the NSIP project. The projects cost should be displayed in thousands.

9. U.S. Cost Share: Identify the estimated U.S. share of the project cost. The U.S. share should be displayed in thousands.

10. Other NATO Cost Share: Identify the estimated share of the other NATO nations. The cost should be displayed in thousands.

11. This exhibit should be completed for the current year and budget year, i.e., current year FY 2001; budget Year FY 2002.

12. The hard copy and electronic submission should include a total that reflects the cost of normal NSIP requirements and NSIP Expansion requirements by fiscal year.

Exhibit NSIP -1 NSIP Project Data

CHAPTER 7
BASE REALIGNMENT AND CLOSURE APPROPRIATIONS
Table of Contents

0701 GENERAL 1
070101 Purpose 1
070102 Submission Requirements 1
070103 Preparation of Material 1
070104 References 1
0702 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION 2
070201 Base Closure Account, Defense Appropriations 2
0703 BUDGET ESTIMATES SUBMISSION 6
070301 Purpose 6
070302 Submission Requirements 6
0704 CONGRESSIONAL JUSTIFICATION/PRESENTATION 8
070401 Purpose 8
070402 Organization of Justification Books 8
0705 BASE REALIGNMENT AND CLOSURE APPROPRIATION SUBMISSION FORMATS 10
070501 Purpose 10
070502 Exhibits in Support of Section 0703 - Budget Estimates Submission 11

CHAPTER 7

★June 2000

BASE REALIGNMENT AND CLOSURE APPROPRIATIONS

0701 GENERAL

070101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Base Realignment and Closure (BRAC) appropriations.

B. The following appropriations and accounts are covered:

Section
070201
- DoD Base Closure Account (1988 Commission)

- DoD Base Closure Account 1990 (1991, 1993 & 1995 Commissions)

070102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 7 covers specific back-up material requirements for the above accounts. The above appropriations/accounts should also submit any applicable exhibits required in Chapter 19 - Special Analyses.

070103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapters 7 provides additional specific guidance with regard to the back-up material required for Base Realignment and Closure appropriations.

070104 References

Chapter 3 provides guidance related to costs and Chapter 6 provides guidance and formats related to Military Construction and Family Housing costs.

0702 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION

070201 Base Closure Account, Defense Appropriations

The budget account classification structure for the Base Closure Account, Defense is prescribed in Comptroller of the Department Of Defense Memorandum, dated December 21, 1993 and outlined below.

A. Overview

The Director for Budget and Finance, Washington Headquarters Services (WHS), is responsible for departmental-level accounting and reporting for the DoD Base Closure Account. The Military Departments are responsible for implementing all base closure and realignment actions, and administering their allocations of base closure funds.

B. Guidance

1. WHS shall be responsible for obtaining and recording the appropriation warrant (TFS Form 6200) for the DoD Base Closure Accounts. The Directorate for Military Construction, ODC(P/B), is responsible for initiating the Apportionment and Reapportionment Schedule (DD Form 1105) for the DoD Base Closure Accounts and providing it to WHS for recording in the departmental-level accounting records.

2. The Comptroller of the Department of Defense shall make funds available to the Military Departments based on their official financial plans. Financial plans shall be prepared by the Military Departments in cooperation with and at the direction of the Deputy Under Secretary of Defense (Installations). Military Department financial plans and the subsequent allocation of funds shall be supported by the Format 460-BC, "DoD Base Closure Account Financial Plan". For planned military construction and family housing construction requirements, each project to be executed with the funds requested will be individually listed on the plan. A separate narrative explanation for other planned expenditures shall also be submitted to the Directorate for Military Construction, ODC(P/B), in sufficient detail on the Format 460-BC to support the Military Department financial plan.

3. In response to a request from the DoD Comptroller, WHS shall allocate DoD Base Closure Account funds to the Military Departments on SD Form 477, "Fund Authorization," with a Format 460-BC and supporting documentation attached. The Military Departments may re-phase planned execution as the situation dictates but shall notify DUSD(Installations) and Directorate for Military Construction, ODC(P/B) of all changes. Where a military construction or family housing project is to be executed, but does not appear on the current approved financial plan, the prior approval of the Directorate for Military Construction is required. This will ensure that the Department has complied with the notification requirements of House of Representatives Report 101-176, Military Construction Bill, July 26, 1989, prior to the expenditure of DoD base Closure Account funds. To keep the Comptroller and DUSD(Installations) apprised of these changes, the Military Departments shall submit a revised Format 460-BC and supporting documentation as required to reflect the status of the current plan being executed. The Military Departments and Defense Agencies will be allocated BRAC funds by subaccounts. The amounts allocated represent limitations subject to the provisions of section 1517 of 31 U.S.C., the Anti-Deficiency Act. Obligations are not to be incurred beyond the approved allocation amounts. However, Components may adjust amounts between BRAC subaccounts by up to 5 percent per quarter without prior Comptroller approval with the exception of the amounts provided for environmental efforts which may not be decreased or increased without OUSD(C) prior approval.

4. The Military Departments and Defense Agencies shall receive and record the suballocations of base closure funds received from the WHS and allot that suballocation to respective installations. The Military Departments and Defense Agencies shall subdivide their allocations of the base closure accounts by subaccount, and distribute the base closure funds to the installations responsible for base closure actions. Each Military Department and Defense Agency shall distribute the base closure funds to its installations in accordance with its normal fund

distribution procedures. This distribution process shall include allotment, or suballotment, as appropriate, of the suballocation for the WHS. The applicable subaccounts are as follows:

- Military Construction:
  a. Construction
     (1) (Project)
     (2) (Project)
  b. Planning and Design

NOTE: The military construction subaccount should be reserved for projects listed individually on the Format 460 accompanying the fund allocation document.

- Family Housing:
  a. Construction
     (1) (Project)
     (2) (Project)
  b. Planning and Design
  c. Operations

- Operation and Maintenance (O&M):
  a. Civilian Severance Pay
  b. Civilian Permanent Change of Station (PCS)
  c. Transportation of Things
  d. Real Property Maintenance
  e. Program Management (civilian workyears, travel, and related support dedicated to implementation efforts)

- Environmental: Includes environmental restoration, including reducing, removing, and recycling hazardous wastes, and removing unsafe buildings and debris; Memoranda of Agreements between Defense and States (DSMOA), and reimbursements to the Agency for Toxic Substance and Disease Registry (ATSDR); and mitigation efforts associated with a military installation closure or realignment. Mitigation efforts do not apply to the DoD Base Closure Account.

- Community Programs:
  a. Community Planning Assistance: For communities located near a military installation to which functions will be transferred as a result of a closure or realignment of a military installation.

  b. Economic Adjustment Assistance: For communities located near a military installation being closed or realigned.

- Federal Agencies Reimbursement: Includes reimbursements to other Federal agencies for actions, other than for environmental activity discussed above, performed with respect to any closure or realignment.

- Military Personnel: Limited to PCS and TDY expenses dedicated to implementation efforts.

- Procurement-type Items: The procurement account should be limited to those items costing more than $5,000 each and normally capitalized on installation-level accounting.

- Other Costs: Expenses, other than those above, associated with base closure and realignment efforts.

5. The general criterion to apply when deciding whether to charge specific costs to the DoD Base Closure Account is that the cost in question is a one-time implementation cost associated with the overall base closure effort. If the increased cost is a recurring one driven by the transfer of workload from one location to another, it should be documented to the extent practicable, but budgeted for and charged to the applicable Military

Department appropriation. A legitimate one-time cost of base closure implementation should be charged to the subaccount of the DoD Base Closure Account consistent with the cost category under which the item has been justified in the President's Budget. For example, the one-time operations and maintenance-type costs at R&D funded installations should be allocated to the appropriate subaccount of "Operations and Maintenance." Low dollar value construction projects budgeted as a lump sum under the real property maintenance category should be charged to that subaccount and not the construction subaccount of military construction, which should be reserved for projects listed individually on the Format 460-BC accompanying the fund allocation document. Charges to the procurement account should include items normally charged to procurement accounts.

6. Proceeds resulting from transfer or disposal of property or facilities (including buildings and structures) due to the base closure process shall be deposited as reimbursements into the DoD Base Closure Account. These reimbursements shall be reprogrammed from reimbursable to direct before distribution to the Military Departments. The detailed accounting and financial management procedures relating to the revenues from asset sales are prescribed in Comptroller of the Department of Defense memorandum, dated December 21, 1993.

C. Accounting Entries (see end of this section).

D. Reporting Requirements WHS is responsible for preparation of the departmental-level appropriation and fund status reports for the DoD Base Closure Account that are required by Volume 6 and Volume 12 of this Regulation. The specifications for any additional reports required by the Base Closure and Realignment Act are to be issued by the DUSD(Installations).

1. The budget execution reports required for the DoD Base Closure Account are as follows: a) Year-end Closing Statement, FMS Form 2108; b) Report on Budget Execution, Acct Rpt(M)1176; c) Flash Report on Obligation Status, Acct Rpt(M)1445; d) Report on Obligations, SF-225, IRCN 1183-TD-QU; e) Report on Appropriation Status by Fiscal Year Program and Subaccounts, Acct Rpt (M)1002; and, f) Report on Reimbursements, Acct Rpt(M)725.

2. WHS shall prepare the required reports based on accounting information held at the departmental level and feeder reports from the Military Departments and Defense Agencies. Each Military Department/Defense Agency shall provide feeder reports to WHS on the status of its allocation. These reports shall be submitted in accordance with a schedule of due dates to be published by WHS.

3. Special Instructions for Reports on Appropriation Status by Fiscal Year Program and Subaccounts, Acct Rpt(M)1002. Each Military Department will receive an allocation from OSD/WHS at the subaccount level. The Military Departments are required to distribute their allocations by the subaccounts shown below, and prepare the feeder Acct Rpt (M)1002's by those subaccounts within each fiscal year program specified in Section 070201 B.4.

4. Line Entries for the 1002 are as follows:

a. Column (a). The DoD Base Closure Account must be subclassified to show, where applicable, the following: Fiscal Year Program, Direct Program and Subaccounts (as specified above).

b. Columns (b) through (j). follow the instructions contained in Volume 6 of this Regulation.

ACCOUNTING ENTRIES

1. Departmental Level (WHS)

   a. Dr 4119 Other Appropriations Realized
      Cr 4450 Authority Available for Apportionment
      and

      Dr 1013 Funds with Treasury
      Cr 3100 Appropriated Capital

      To record an appropriation realized.

   b. Dr 4450 Authority Available for Apportionment
      Cr 4511 Unallocated Apportionment – Direct Program - Current Period

      To record the Apportionment and Reapportionment Schedule (DD Form 1105).

   c Dr 4511 Unallocated Apportionment - Direct Program - Current Period
      Cr 4541 Allocations Issued - Direct Program - Current Period

      To record the allocation of obligational authority to an intermediate command.

2. Intermediate Level (Military Departments)

   a. Dr 4550 Internal Fund Distributions Received
      Cr Unallotted Allocations - Direct Program - Current Period

      To record receipt of an allocation of direct program obligational authority.

   b. Dr 4561 Unallotted Allocations - Direct Program - Current Period

      Cr 4571 Allotments Issued - Direct Program - Current Period

      To record the allotment of direct program obligational authority to a subordinate activity.

3. Installation Level (Military Departments)
   a. Dr 4580 Allotments Received
      Cr 4610 series Allotments Available for Commitment/Obligation

      To record receipt of an allotment.

0703 BUDGET ESTIMATES SUBMISSION

070301 Purpose

A. This Section prescribes instructions for the preparation and submission of budget estimates for the Base Realignment and Closure appropriations.

B. Unless otherwise specified, these instructions apply to all Base Realignment and Closure appropriations and to all budget estimates. Data submitted must be consistent with the budget estimate being supported.

C. Examples of budget exhibits can be found in Section 0705.

070302 Submission Requirements

A. General Guidance. Each Service will prepare separate justification books for each Base Closure Account. For Base Closure Account-Part I, information is required for FY 1990 through FY 1995. For Base Closure Account-Part II, information is required for FY 1992 through FY 1997. For Base Closure Account-Part III, information is required for FY 1994 through FY 1999. For Base Closure-Part IV, information is required for FY 1996 through FY 2001. The justification books will be organized by closure package with narrative and financial summary exhibits. Section 070502 contains sample exhibits BC 01 through BC 03 for use in preparation of justification books. Included in the sample exhibits are instructions pertaining to the substance and format of the information to be displayed.

B. Base Realignment and Closure Service Overview Exhibit (BC-01). Each Service will prepare an overview exhibit (BC-01) for each Base Closure round summarizing by fiscal year, the names and locations of the affected bases, and how much of the DoD Base Closure Account will be expended in the fiscal year. The overview will also address mission impact and environmental considerations affecting closures and realignments for that round. *Each Service will prepare a separate BC-01 exhibit for each Base Closure round for which funds are requested beyond FY 2001.*

C. Base Realignment and Closure Cost and Saving Exhibit (BC-02). Each Service will prepare a cost and saving exhibit (BC-02) for each base closure package included in a Base Closure round and a BC-02 exhibit summarizing the packages contained in that round of closures. BRAC saving estimates reported in Exhibit BC-02 must be based on the best projection of what savings will actually accrue from approved realignments and closures. Prior year estimated savings must be updated to reflect actual savings when available. *Each Service will prepare a separate BC-02 exhibit for each base for which funds are requested beyond FY 2001.*

D. Base Realignment and Closure Package Description Exhibit (BC-03) Each Service will prepare a short narrative for each package describing the actions necessary to complete the realignment or closure at that location. The narrative will also address one-time implementation costs and anticipated savings that will accrue from the partial or complete closure of the base.

E. Base Realignment and Closure Environmental Exhibits. Each service will prepare environmental progress and funding by priority exhibits BRAC Env-1A and 1B as provided in section 070502. These BRAC environmental exhibits include requirements by relative risk category and each phase of environmental restoration, as well as requirements for environmental compliance and planning. *These exhibits will be prepared for the President's Budget even though they are not forwarded to the Congress.* A diskette with installation level detail for environmental restoration activities at BRAC installations, similar to that identified for submission in Chapter 13 of the DoD FMR for environmental restoration activities at active installations, should be forwarded together with hard copy versions to ODC(P/B), Military Construction Directorate (Room 3D840). Questions concerning the data file structure should be addressed to OUSD(AT&L), Deputy Under Secretary of Defense (Environmental Security), Director for Program Integration ((703)695-2195.)

F. Budget Submission. Coincident with the hard copy submission of the Base Closure budget estimates, Military Departments and Defense Agencies, as applicable, will submit machine-readable data entries for all applicable budget accounts for budget years only. Detailed data entries only will be submitted since subtotals and summary totals are computer generated. Input data will be formatted in accordance with DD Form 2232 on a media type specified in Section 010506, Name Edit System (NES) structure and description, of this manual. An example of the Name Code File Listing for Base Realignment and Closure Accounts can be found in Section 010506. A full listing will be made available periodically from the DoD Comptroller, Directorate for Program and Financial Control (rm 3B872, com:(703)697-7564, DSN:227-7564). All TOA values for BY1 and BY2 will be submitted on DD Form 2232 in accordance with the detail prescribed by the Name Edit System (Structure documented in the "Budget Accounts Title File Listing"). Amounts will be in agreement with the PB-2 and PB-2A exhibits.

1. Submission of Outyear Estimates. The submission for BY+1 through BY+4 TOA will be made coincident with the budget submission. Input to the data base will be formatted in accordance with DD Form 2234 using the Name Edit System structure and description by base closure round, base closure account and subactivity.

2. Decision Rounding. DD Form 2233 and DD Form 2236 will not be used for budget estimates submissions. These forms are used to record decisions documented by Program Budget Decisions (PBDs).

0704 CONGRESSIONAL JUSTIFICATION/PRESENTATION

070401 Purpose

This Section presents the justification book organization and the exhibit requirement for submission to Congress. Examples of budget exhibits can be found in Section 0705 and reflect those addressed in Section 0703.

070402 Organization of Justification Books

A. Justification material will be organized into four volumes entitled:

1. DoD Base Realignment and Closure (1988 Commission)
2. DoD Base Realignment and Closure (1991 Commission)
3. DoD Base Realignment and Closure (1993 Commission)
4. DoD Base Realignment and Closure (1995 Commission)

B. Each justification book will be organized as shown on the following page for each base realignment and closure round contained in the book

ORGANIZATION/EXHIBIT REQUIREMENTS

A. Organization

- Table of Contents

- Base Realignment and Closure Overview

- Financial Summary

- Base Realignment and Closure Detail:

  By Package (Each package will include appropriate 1391/1391C Military/Family Housing Construction Exhibits).

- Base Realignment and Closure Construction Projects

  By Component, State, Project Description, Project Number, BRAC Round and Dollar Amount.

0705 BASE REALIGNMENT AND CLOSURE APPROPRIATION SUBMISSION FORMATS

070501 Purpose

The formats provided on the following page reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

070502 Exhibits in Support of Section 0703 - Budget Estimates Submission

BC-01 BRAC Service Overview 12
BC-02 BRAC Implementation Costs 13
BC-03 BRAC Package Description 15
BRAC ENV-1A 17
BRAC ENV–1B 19

INSTRUCTIONS FOR PREPARATION OF
EXHIBIT BC-01
"FY ____ BASE REALIGNMENT AND CLOSURE DATA"
19__ COMMISSION

Service Overview

Schedule: Summarize by fiscal year, the names and locations of the affected bases, and how much of the DoD Base Closure Account will be expended in the fiscal year. Discuss possible problems in meeting the schedule. Highlight realignment/closure actions where the estimated implementation costs and impacts significantly differ from those determined by the Commission.

Mission Impact: Describe possible mission impact in completing the realignment/closure.

Environmental Considerations: Describe potential problems in closing an installation due to the complexity in cleaning up environmental wastes and hazards.

Address any other items/issues appropriate for the overview section.

Exhibit BC-01 BRAC Service Overview

BASE REALIGNMENT AND CLOSURE ACCOUNT - 19__ COMMISSION _1/
2/
(DOLLARS IN 3/)

	FY 1990	FY 1991	FY 1992	FY 1993
ONE-TIME IMPLEMENTATION COSTS:				
Military Construction				
Family Housing - Construction				
Operations				
Environmental				
Operation and Maintenance				
Military Personnel - PCS				
Other				
Homeowners Assistant Program				
TOTAL ONE-TIME COSTS				
Revenues From Land Sales(-)				
Budget Authority Request				
FUNDED OUTSIDE OF THE ACCOUNT:				
Military Construction				
Family Housing - Operations				
Operation and Maintenance				
Other				
Homeowners Assistant Program				
TOTAL OUTSIDE THE ACCOUNT				
SAVINGS:				
Military Construction				
Family Housing - Construction				
Operations				
Operation and Maintenance				
Military Personnel				
Other				
Homeowners Assistance Program				
Civilian ES				
Military ES				
TOTAL SAVINGS				
NET IMPLEMENTATION COSTS:				
Military Construction				
Family Housing - Construction				
Operations				
Environmental				
Operation and Maintenance				
Military Personnel				
Other				
Homeowners Assistance Program				
Revenues From Land Sales				
NET IMPLEMENTATION COSTS				
Less Estimated Land Revenues:				

Exhibit BC-02 BRAC Implementation Costs
(page 1 of 2)

BASE REALIGNMENT AND CLOSURE ACCOUNT - 19__ Commission _ 1/
2/
(DOLLARS IN 3/)

	FY 1994	FY 1995	Total FY 1990-1995
ONE-TIME IMPLEMENTATION COSTS:			
Military Construction			
Family Housing - Construction			
Operations			
Environmental			
Operation and Maintenance			
Military Personnel - PCS			
Homeowners Assistant Program			
Other			
TOTAL ONE-TIME COSTS			
Revenues From Land Sales(-)			
Budget Authority Request			
FUNDED OUTSIDE OF THE ACCOUNT:			
Military Construction			
Family Housing - Operations			
Operation and Maintenance			
Homeowners Assistance Program			
Other			
TOTAL OUTSIDE THE ACCOUNT			
SAVINGS:			
Military Construction			
Family Housing - Construction			
Operations			
Operation and Maintenance			
Military Personnel			
Other			
Civilian End Strength			
Military End Strength			
TOTAL SAVINGS			
NET IMPLEMENTATION COSTS:			
Military Construction			
Family Housing - Construction			
Operations			
Environmental			
Operation and Maintenance			
Military Personnel			
Other			
Homeowners Assistance Program			
Revenues From Land Sales			
NET IMPLEMENTATION COSTS			
Less Estimated Land Revenues:			

1/ 1988 Commission, 1991 Commission, 1993 Commission, etc.
2/ Identification, e.g., DoD Financial Summary, Army Summary or Pease AFB Package, etc.
3/ Dollars in thousands.

EXHIBIT BC-02 (page 2 of 2)

BASE REALIGNMENT AND CLOSURE
19__ COMMISSION
PACKAGE DESCRIPTION

Service/Location/Package: Cross-reference to standard terminology employed in the Commission's report.

Closure/Realignment Package: Brief description of the actions necessary to complete the realignment or closure at this location. A package is defined as all actions, costs and savings associated with the closing or realignment of a base or installation as recommended by the Commissions. Include how the physical plant will be affected and the missions that must be terminated or transferred to other locations. Reflect planning and design and management overhead costs in a separate package covering, overall one-time implementation cost. All military construction savings should also be addressed in this same package.

One-time Implementation Costs:

Military Construction: New facilities that must be constructed to accommodate a realignment or closure action. List the construction projects associated with the package as follows:

Location/Project Title	Fiscal Year of Award	Amount ($ in 000)
Subtotal for Each Fiscal Year		

Conjunctively-Funded Construction: Identify each project that is funded conjunctively, the total cost of each project and the amounts funded by non-Base Closure Account sources. These projects will also appear on the above list, which will reflect only that portion of the project to be funded by the Base Closure Account.

Family Housing Construction: Specify the number of units and location. As with military construction, list each family housing construction project.

Family Housing Operations: The one-time family housing operations costs associated with package implementation.

Operation and Maintenance: Includes PCS of civilian personnel, civilian severance costs, transportation of things, RPM and other one-time implementation costs as a result of closure or realignment. Program management costs should also be addressed, but only in the separate package covering overall one-time implementation costs.

Procurement Items: Items normally funded from procurement appropriations.

Revenues From Land Sales: Provide statistics and narrative to adequately describe the land being proposed for sale. Describe the method and date of appraisal.

Exhibit BC-03 BRAC Package Description
(page 1 of 2)

Environmental: Indicate the environmental restoration actions that will occur at both the losing and gaining locations, the funding requirements and status of all such restoration actions.

Savings: Demonstrated savings that will accrue from the partial or complete closure of the base.

Military Construction: To be addressed in the single package addressing overall/program management costs.

Family Housing Construction: Self-explanatory.

Family Housing Operations: Savings (offset by increased recurring costs).

Operation and Maintenance: One-time and recurring savings (offset by increased recurring costs) in civilian personnel, base operations, RPMA and other costs as a result of closure or realignment. Be specific as to the category,

Military Personnel: One-time and recurring savings (offset by increased recurring costs) in military personnel as a result of closure or realignment. Be specific as to the category.

Other: Self-explanatory.

BASE REALIGNMENT AND CLOSURE ENVIRONMENTAL PROGRAM
FY ____ BUDGET ESTIMATE
PROGRESS REPORT
COMPONENT: _____
($ In Thousands)

	FY PY Actual	FY CY Estimate	FY BY1	FY BY1	FY BY2 +1	FY BY2 +2	FY BY2 +3	FY BY2 +4
I. Cleanup								
A. Assessments								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
Analysis/Investigations								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
C. Interim Actions								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
D. Remedial Designs								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
E. Remedial Action Const.								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
F. Remedial Action Ops								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
G. Long Term Monitoring								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
H. Prp								
1. Starts - # Of Sites								
2. Completions - # Of Sites								
3. Funding Level - $								
I. Bddr - $								
J. Subtotal -$								
Ii. Compliance - $								
Iii. Planning - $								
Iv. Administration								
A. Management - $								
B. Workyears - $								
C. Dsmoa - $								
D. Atsdr - $								
E. Epa - $								
F. Fines - $								

	FY PY Actual	FY CY Estimate	FY BY1	FY BY1	FY BY2 +1	FY BY2 +2	FY BY2 +3	FY BY2 +4
V. Total								
A. # Of Sites At Begin Of FY								
B. # Installations Begin FY								
C. Funding Requirements $								

Exhibit BRAC Env-1A
(Page 2 of 2)

BASE REALIGNMENT AND CLOSURE ENVIRONMENTAL PROGRAM
FY ____ BUDGET ESTIMATE
FUNDING BY PRIORITY
COMPONENT: _____
($ In Thousands)

	FY PY Actual	FY CY Estimate	FY BY1	FY BY1	FY BY2 +1	FY BY2 +2	FY BY2 +2	FY BY2 +4
I. INSTALLATION RESTORATION PROGRAM (IRP)								
A. High Relative Risk with Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
B. High Relative Risk without Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
C. Medium Relative Risk with Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
D. Medium Relative Risk without Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
E. Low Relative Risk with Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
F. Low Relative Risk without Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
G. Not Evaluated for risk with Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
H. Not Evaluated for risk without Reuse Plan								
1. Total # of sites at beginning of FY								
2. Funding requirements ($)								
(a) Analysis ($)								
(b) Cleanup ($)								
I. Remedial Action Operations Funding Requirements ($)								
J. Long Term Monitoring Funding Requirements ($)								
K. PRP Funding Requirements ($)								

L. No Further Action

Total # of sites at beginning of FY

M. TOTAL IRP ($)

II. OTHER HAZARDOUS WASTE (UXO CLEANUP)

Priority 1. Imminent Threats to Human Safety

Priority 2. Possible Threats to Human Safety

Priority 3. Marginal Threats to Human Safety

Priority 4. Remote Threats to Human Safety

Not Evaluated

Subtotal - Other Hazardous Waste ($)

III. BUILDING DEMOLITION / DEBRIS REMOVAL PROGRAM (BDDR)

A. Imminent Threats to Human Safety, Health, or to the Environment

B. Other

Subtotal - BDDR ($)

IV. TOTAL PROGRAM ($)

Exhibit Brac Env-1B
(Page 2 of 2)

CHAPTER 8
REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION
Table of Contents

0801 GENERAL 1
080101 Purpose 1
080102 Submission Requirements 1
080103 Preparation of Material 1
080104 References 1
080105 Definition of Repair and Maintenance 1
0802 BUDGET ESTIMATES SUBMISSION 2
080201 Purpose 2
080202 Submission Requirements 2
080203 Preparation of Material 3
0803 CONGRESSIONAL JUSTIFICATION/PRESENTATION 4
080301 General 4
080302 Organization of Justification Books 4
0804 REVENUE FORM TRANSFER OR DISPOSAL OF DoD REAL PROPERTY AND REVENUE FROM LEASING OUT OF DOD ASSETS 5
080401 General 5
080402 Revenue From Transfer or Disposal of DoD Real Property (Section 2805) 5
080403 Revenue From Leasing Out of DoD Assets (Section 2806) 5
080404 Deposit and Accounting Procedures 5
080405 Funds Release Procedures 5
080406 Budget Exhibits for Congressional Submission 5
0805 DOD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT 6
080501 General 6
080502 Deposit and Accounting Procedures 6
080503 Funds Release Procedures 6
080504 Budget Estimate Submission Exhibit 6
0806 REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION FORMATS 7
080601 Purpose 7
080602 Exhibits in Support of Section 0802 - Budget Estimates Submission 8
080603 Exhibit in Support of Section 0804 - Revenue From Transfer or Disposal of DoD Real Property and Revenue from Leasing out DoD Assets: Congressional Justification/Presentation 8
080604 Exhibit in Support of Section 0805 - DoD Overseas Military Facility Investment Recovery Account: Budget Estimates Submission 8

CHAPTER 8

★June 2000

REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION

0801 GENERAL

080101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Real Property Maintenance and Minor Construction.

B. The following appropriations and accounts are covered:

Section
0802

- Operation and Maintenance Appropriations
- Research, Development, Test, and Evaluation Appropriations

080102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 8 covers specific additional back-up material requirements for the above Real Property Maintenance and Minor Construction accounts.

080103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 8 provides additional specific guidance with regard to the back-up material required for Real Property Maintenance and Minor Construction.

080104 References

Chapter 3 provides guidance related to Operation and Maintenance costs and submission organization and Chapter 5 provides guidance, submission organization and formats related to Research, Development, Test, and Evaluation appropriations.

080105 Definition of Repair and Maintenance

A. Repair means "to restore a real property facility, system or component to such a condition that it may effectively be used for its designated functional purpose".

B. When repairing a facility, the components of the facility may be repaired by replacement, and the replacement can be up to current standards or codes. For example, Heating, Ventilation, and Air Conditioning (HVAC) equipment can be repaired by replacement, can be state-of-the-art, and provide for more capacity than the original unit due to increased demand/standards. Interior rearrangements (except for load-bearing walls) and restoration of an existing facility to allow for effective use of existing space or to meet current building code requirements (for example, accessibility, health, safety, or environmental) may be included as repair.

C. Additions, new facilities and functional conversions must be done as construction. Construction projects may be done concurrent with repair projects as long as the projects are complete and useable.

0802 BUDGET ESTIMATES SUBMISSION

080201 Purpose

A. This Section prescribes instructions for the preparation and submission of budget estimates for Real Property Maintenance and Minor Construction requirements.

B. Guidance covers all Operation and Maintenance, RDT&E, Real Property Maintenance (RPM) and minor construction costs. Real Property Maintenance and minor construction includes: all recurring maintenance costs and repair projects (MRP), minor construction (MC) costs, real property renovation project costs (that combine minor construction and repair costs), and planning and design costs associated with projects; providing funding support to maintain and repair buildings, structures, warehouses, roadways, aprons, railway trackage, utility plants, distribution systems, and other real property. O&M funded minor construction *for all components* includes funding for the erection, installation, or assembly of new facilities, and for the alteration, or conversion of existing facilities and can cost up to a maximum of $500,000 per project, or up to $1,000,000 if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening. These categories do not include RPM funds included in Defense Working Capital Funded activities. These accounts also do not include operation of utilities, utility charges, annual lease payments, or other support services (such as custodial contracts, snow removal, etc.) included in Base Operations Support. For analysis purposes, RPM expenditures fall into two general categories: (1) annual operational expenses which include all recurring maintenance costs and contracts, and minor repair or minor construction projects costing up to $15,000 per project, and (2) RPM facility investments which include major repair projects (costing more than $15,000 per project) and minor construction projects costing up to $500,000 per project.

C. Program funding submitted in Component justification materials must reflect the approved funding levels identified in the RPM Program Elements in the current FYDP.

D. Examples of special budget exhibits can be found in Section 0806.

080202 Submission Requirements

A. General Guidance. All Components (i.e., active forces, defense agencies, national guard and reserve forces) shall submit justification data and exhibits to support budget estimates for Real Property Maintenance and Minor Construction, in a separate bound attachment (reference Chapter 3, Section 030201). Two copies of this attachment will be delivered to: Directorate for Construction, Program/Budget, OUSD(C) Room 3D840, Pentagon, on the same date as all other submissions required for O&M Appropriations. Exhibits required include:

OP-27	Real Property Maintenance Activities
OP-27P	Real Property Maintenance and Minor Construction Projects (All Appropriations - Projects Costing More than $ 500,000)
OP-28	Summary of RPM and PRV (All Appropriations)
OP-5	Part 2 Attachment 5: Real Property Maintenance and Minor Construction

B. Military and civilian personnel costs reflected on Exhibit OP-28, will include only those personnel assigned in support of RPM and minor construction accounts. It will include those personnel performing planning and design functions for both projects and installation RPM surveys and RPM master planning, but will exclude those involved in other base operating services or support services.

C. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

080203 Preparation of Material

All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper, while exhibits will be typed across the long dimension.

0803 CONGRESSIONAL JUSTIFICATION/PRESENTATION

080301 General

Components are required to conform to the PBD approved funding levels when submitting final budget exhibits to Congress.

080302 Organization of Justification Books

See chapters covering specific appropriation (Operation and Maintenance - Chapter 3, RDT&E Chapter 5). In addition to exhibits cited in section 0802, a PBA-7, Real Property Maintenance *exhibit is also required as specified in Chapter 3, section 030403.*

0804 REVENUE FORM TRANSFER OR DISPOSAL OF DOD REAL PROPERTY AND REVENUE FROM LEASING OUT OF DOD ASSETS

080401 General

Sections 2805 and 2806 of the FY 1991 National Defense Authorizations Act, P.L. 101-510, require detailed information on revenues, transfers, and the use of proceeds derived from these authorities as follows:

080402 Revenue From Transfer or Disposal of DoD Real Property (Section 2805)

When revenue from the transfer or disposal of DoD Real property is received, there is a requirement to identify each transfer and disposal made during the fiscal year, including a detailed explanation of each such transfer and disposal and of the use of the proceeds received. An estimate for the current and budget year transfers or disposals should also be included.

080403 Revenue From Leasing Out of DoD Assets (Section 2806)

When revenue from leasing out of DoD assets is received, there is a requirement to identify each lease entered into during the fiscal year, including a detailed explanation of each lease and amendments, and of the use of the lease proceeds that were expended. An estimate for the current and budget year leases and revenues should also be included.

080404 Deposit and Accounting Procedures

Cash receipts obtained from the transfer or disposal of real property will be deposited into the Disposal of DoD Real Property Account, 97X5188. Cash receipts obtained from leasing out of DoD assets will be deposited into the Lease of DoD Real Property, 97X5189. Accounting instructions are included in Volume 12, Chapter 14, of the DoD Financial Management Regulation.

080405 Funds Release Procedures

Funds deposited into these accounts are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities as specified in the Act. The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Construction.

080406 Budget Exhibits for Congressional Submission

To comply with this requirement, a PB-34 exhibit must be completed by each component and included in the O&M RPM Justification Book (Volume II) for both the revenue from the transfer or disposal of DoD real property (Section 2805) and for the revenue from leasing out of DoD assets (Section 2806).

0805 DOD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT

080501 General

Section 2921 of the FY 1991 National Defense Authorizations Act, P.L. 101-510, established the Department of Defense Overseas Military Facilities Investment Recovery account. The purpose of the account is to collect payments from host nations for the value of new construction and improvements made by the United States at overseas military installations being returned.

080502 Deposit and Accounting Procedures

Cash receipts obtained from return of overseas real property and improvements to host nations will be deposited into the DoD Overseas Military Facility Investment Recovery Account, 97X5193. Accounting instructions are included in USD Comptroller letter, dated 17 June 1991, subject: Guidance for Department of Defense Overseas Military Facility Investment Recovery Account (which will be superseded by Volume 12 of the DoD Financial Management Regulation when published).

080503 Funds Release Procedures

Funds deposited into the DoD Overseas Military Facility Investment Recovery Account are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities and maintenance and repair and environmental compliance at military facilities outside the U.S. as specified in the Act. The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Construction.

080504 Budget Estimate Submission Exhibit

Components returning overseas military facilities to host nations that have resulted in collections to this account must complete OP-29. This exhibit provides information on the cost and improvements, depreciation, residual value, and amount collected from the host nation that is necessary in accomplishing an annual report to the Congress. It also documents proposed real property maintenance or environmental restoration/compliance projects at military installations to be financed from the proceeds deposited into this account.

0806 REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION FORMATS

080601 Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

080602 Exhibits in Support of Section 0802 - Budget Estimates Submission

OP-27 Real Property Maintenance Activities 9
OP-27P Real Property Maintenance and Minor Construction - Projects Over $ 500,000 11
OP-28 Summary of Major Repair Projects 13
OP-5 (Part 2) Attachment 5: Real Property Maintenance & Minor Construction 15

080603 Exhibit in Support of Section 0804 - Revenue From Transfer or Disposal of DoD Real Property and Revenue from Leasing out DoD Assets: Congressional Justification/Presentation

PB-34 Revenue from Leasing Out of Department of Defense Assets 17

080604 Exhibit in Support of Section 0805 - DoD Overseas Military Facility Investment Recovery Account: Budget Estimates Submission

OP-29 Overseas Military Facility Investment Recovery Account 18

Real Property Maintenance Activities

DoD Component _____

Appropriation_____ Date_____

Program Element Number(s) FY 19_____

Functional Category at Work Functions	Workload Data	Operation & Maintenance Costs ($000) Civilian Personnel	Contracts	Other	Total	Military Personnel ($000)	BMAR
Active Installations							
1. Maintenance & Repair							
a. Utilities	XXX						
b. Other Real Property	XXX						
(1) Buildings	KSF						
(2) Other Facilities	XXX						
(3) Pavements	KSY						
(4) Land	ac						
(5) Railroad Trackage	KLF						
2. Minor Construction							
3. Operation of Utilities							
a. Electricity-Purchased	KWH						
b. Electricity-In House	KWH						
c. Heat-Purchased Steam/Water	MBTU						
d. Heat-In House Generated Steam/Water	MBTU						
e. Water Plants & Systems	KGAL						
f. Sewage Plants & Systems	KGAL						
g. Air Conditioning & Refrigeration	TONS						
h. Other	XXX						
4. Other Engineering Support							
a. Services	XXX						
b. Admin & Overhead	XXX						
c. Rentals, Leases & Easements	XXX						
Total Active Installations							
Inactive Installations							
Grand Total							

Instruction: (1) Complete for each O&M and RPMD appropriation and provide applicable program element numbers.
(2) Cost data to reflect obligations.
(3) Data required for past, current and budget years. Definitions to be in accordance with DoD Instruction 4165.58.

Exhibit OP-27 Real Property Maintenance Activities
(page 1 of 2)

BACKLOG OF MAINTENANCE AND REPAIR (BMAR) OF REAL PROPERTY
($ in Thousands)

DoD Component: _____

Appropriation: _____

		(Prior) PY	(Current) CY	(Budget) BY1	(Budget) BY2
		$	$	$	$
A.	BACKLOG - BEGINNING OF YEAR				
	(BACKLOG CARRIED FORWARD FROM PRIOR YEARS)				
	(MINUS BACKLOG MORE THAN FOUR YEARS OLD)				
	(ADJUSTED BACKLOG CARRIED FORWARD)				
	(INFLATION ADJUSTMENT)				
	(FOREIGN CURRENCY REVALUATION)				
B.	REQUIREMENTS:				
	(RECURRING MAINTENANCE & REPAIR)				
	(MAJOR REPAIR PROJECTS)				
	(BACKLOG DETERIORATION)				
C.	TOTAL REQUIREMENTS (A + B)				
D.	PROGRAM ADJUSTMENTS:				
	(DIRECT PROGRAM FUNDING)				
	(FUNDS MIGRATION FROM OTHER PROGRAM AREAS)				
	(NET OTHER ADJUSTMENTS) a/				
E.	BACKLOG - END OF YEAR (C - D) b/				
F.	PERCENT BMAR CHANGE (E , A)				

a/ Net other adjustments - Projects dropped from BMAR program, project cost changes, new BMAR projects added, non-qualifying unfinanced work, other changes. Attach a footnote highlighting the major items reflected in the estimate.

b/ BMAR is defined as the total maintenance and repair which remains as a verified firm requirement that was not started during the fiscal year due to lack of resources.

EXHIBIT OP-27 (page 2 of 2)

DoD Component _____
Appropriation: _____

REAL PROPERTY MAINTENANCE ACTIVITIES
FY XXXX/FY XXXX PRESIDENT'S BUDGET
Major Repair/Major Repair With Concurrent Minor Construction Projects
(Costing more than $ 500,000.00)

State a/	Location/Installation	Project Title b/	($ 000) Cost
	Justification: c/		

Total Minor Construction: d/
Total Repair and Maintenance: e/
Total Active Installations: f/
Total Inactive Installations: g/

Grand Total:

Exhibit OP-27P Real Property Maintenance and Minor Construction - Projects Over $ 500,000
(page 1 of 2)

Notes:

a/ Prepare this exhibit by State, in alphabetical order, following the same format as the MilCon C-1 Annex.

b/ The Project Title. A short title that describes the nature of the project (example; "Repair Roof, Bldg. 15").

c/ The Justification is a short narrative that describes the nature of the project, scope of the project, and the reason it is required (example; Title - "Repair Roof, Bldg. 15", Justification - "Projects repairs 40,000 SF roof on warehouse. Repairs required to fix trusses and roof leaks. Repairs needed due to age of facility (37 years), and normal deterioration from weather and other causes").

d/ Minor Construction. This is the total cost of minor construction being used concurrently for major repair projects appearing in this exhibit.

e/ Total Repair and Maintenance This column is the total of costs for all projects listed in this exhibit. It includes only projects costing more than $500,000 All totals will be listed only at the end of the exhibit.

f/ Total Active Installations. This column is the sum of Minor Construction costs, and the total costs of Repair and Maintenance projects costing more than $500,000, for active installations.

g/ Total Inactive Installations. This column is computed in the same manner as "f" above, for inactive installations. The Grand Total is the sum of costs reflected in this exhibit, for both active and inactive installations.

Maintenance of Real Property Facilities
(Dollars in Thousands)

SUMMARY

	FY 19PY Actual	FY 20CY Estimate	FY 20BY1 Estimate	FY 20BY2 Estimate
1. Funded Program				
a. Category of Maintenance				
(1) Recurring Maintenance				
(2) Repair Projects:				
a. up to $15,000 per project				
b. greater than $15,000				
(3) Minor Construction:				
a. up to $15,000 per project				
b. greater than $15,000				
(4) Demolition Costs				
Total RPM:				
b. Budget Activity				
BA				
BA				
Total RPM:				
c. Staffing (in end strength)				
military personnel				
civilian personnel				
2. Backlog of Maintenance and Repair				

Exhibit OP-28 Summary of Major Repair Projects
(page 1 of 2)

3. Facility Category	Plant Replacement Value (Dollars in Millions) FY PY	FY CY	FY BY1	FY BY2	Funded Program (Dollars in Millions) FY PY	FY CY	FY BY1	FY BY2
Operational								
Communications/Aviation								
Waterfront and Harbor								
Training								
Aviation Maintenance								
Shipyard Maintenance								
Other Maintenance								
Production								
POL Supply/Storage								
Ammo Supply/Storage								
Other Supply/Storage								
Hospital/Medical								
Administrative								
Troop Housing/Dining								
Other Personnel Support								
Services								
Utility Systems								
Real Estate/Structures								
Land Improvements								
Rail Trackage								
Minor Construction								
Demolition Costs								
O&M Funded RDT&E								
RDT&E Funded RPM (PE XXXXXX)								
Total:								

NOTE: Part 1. will include three sections; one by category as specified, and one by budget activity, and one reflecting manpower. Part 2. will be the backlog of maintenance repair at the end of the fiscal year. Part 3. will identify Plant Replacement Value (PRV), and repair, maintenance and minor construction funding by facility investment code, as specified in DoD real property investment categories as defined by DODI 4165.3 and the DoD Accounting Manual (which will be superseded by Volume 4 of this manual when published).

OP-28 (page 2 of 2)

REAL PROPERTY MAINTENANCE AND MINOR CONSTRUCTION

Activity Group: Real Property Maintenance and Minor Construction

I. Narrative Description:

(Same as for the basic OP-5 exhibit)

II. Description of Operations Financed:

(Same as for the basic OP-5 exhibit)

III. Financial Summary (O&M ¤ thousands):

A. Subactivity Breakout (Same column headings as the basic OP-5 exhibit)
Total

B. OP-32 Line items as applicable
(Same as for the basic OP-5 exhibit)

C. Reconciliation of Increases and Decreases
(Same as for the basic OP-5 exhibit)

IV. Performance Criteria and Evaluation:

A. Maintenance & Repair
Utilities (XXX)
Buildings (KSF)
Pavements (KSY)
Land (AC)
Other Facilities (KSF)
Railroad Trackage (KLF)
Recurring Maintenance
Major Repair

B. Minor Construction
Number of Projects

OP-5 (Part 2) Attachment 5: Real Property Maintenance & Minor Construction
(page 1 of 2)

REAL PROPERTY MAINTENANCE AND MINOR CONSTRUCTION

C. Administration and Support
Number of A&E Contracts
Planning and Design Funds
Military E/S
Civilian E/S
Total Personnel E/S
Number of Installations
Backlog of Maintenance and Repair (thousands)

V. Personnel Summary:
(Same as for basic OP-5 exhibit)

VI. Outyear Data:
(Same as for basic OP-5 exhibit)

ADDITIONAL INSTRUCTIONS

This schedule is for all repair, maintenance and minor construction funding and support for real property. Additional performance criteria and workload indicators may be included for any functional category. Include direct Operations and Maintenance costs, contractual costs of RPM & MC projects, including planning and design contracts supporting RPM & MC projects, and direct personnel costs (exclude amounts funded from Military Personnel appropriations).

DEPARTMENT OF _____
REVENUE FROM LEASING OUT OF DEPARTMENT OF DEFENSE ASSETS
FY 1995 PRESIDENT'S BUDGET

	(Rental Amount Received in $ Thousands)		
	FY PY	**FY CY**	**FY BY**
1. Lease	$XX,XXX	$XX,XXX	$XX,XXX
(a) Explanation of Lease			
(b) Explanation of Anticipated Expenditures Resulting from Rentals by Fiscal Year			
(c) Actual Use of Revenue Generated from Rentals in Prior Year			
(d) Explanation of Amendments Made to Existing Leases			
Total Department of _____	$XX,XXX	$XX,XXX	$XX,XXX

Instructions: Each revenue-generating lease should be listed above with an estimate of rental amount to be received in each fiscal year in thousands of dollars. For **Explanation of Lease**, include the name of the location, state, and a brief description/purpose of the lease. For **Explanation of Anticipated Expenditures Resulting from Rentals**, a description of anticipated uses for revenues collected is required. Include different explanations by fiscal year, if the purpose is anticipated to differ. For **Actual Use of Revenue Generated from Rentals in Prior Year**, this entry would be negative for FY 1992 since FY 1993 is the first year of entry. For **Explanation of Amendments Made to Existing Leases**, include a description of any changes made to leases in prior years, or as an update to a present or future year lease described during the past submission.

(NOTE: The same exhibit would also be prepared for Revenue from Transfer or Disposal of DoD Real Property)

Exhibit PB-34 Revenue from Leasing Out of Department of Defense Assets

DEPARTMENT OF _____
OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT

(Dollars in Thousands)

PART A: REAL PROPERTY ASSETS DISPOSED	FY PY-1	FY PY
Host nation providing consideration/payment		
1. Description of facility, location, and amount received:	$XX,XXX	
(a) Total amount of the investment (cost plus improvements) in the facility:	$XX,XXX	
(b) Depreciated value of facility (facility cost (a) adjusted for inflation and depreciation):	$XX,XXX	
(c) Explanation of any difference between amount received from host nation and the depreciated value:		
Total payments by host nation:	$XX,XXX	$XX,XXX
Total payments by all host nations:	$XX,XXX	$XX,XXX

PART B: PROPOSED REAL PROPERTY MAINTENANCE OR ENVIRONMENTAL RESTORATION/COMPLIANCE PROJECTS AT MILITARY INSTALLATIONS PROPOSED TO BE FUNDED FROM PROCEEDS:

State	Installation	Project Title	Cost (Dollars in Thousands) FY CY	FY BY
			$XX,XXX	$XX,XXX
		(Description/Justification)		

Exhibit OP-29 Overseas Military Facility Investment Recovery Account

CHAPTER 9
DEFENSE WORKING CAPITAL FUNDS
ACTIVITY GROUP ANALYSIS
Table of Contents

0901 GENERAL 1
090101 Purpose 1
090102 Background 1
090103 Policy 2
090104 Rate Setting in the Activity Groups 16
090105 Preparation of Materials 17
090106 References 17
0902 BUDGET FORMULATION 18
090201 Purpose 18
090202 General 18
090203 Supply Management Activity Groups 19
090204 Non-Supply Activity Groups 25
090205 Submission Requirements 28
0903 CONGRESSIONAL JUSTIFICATION/PRESENTATION 29
090301 Purpose 29
090302 Organization of Justification Books 29
0904 ACTIVITY GROUP ANALYSIS FORMATS 31
090401 Purpose 31
090402 Defense Working Capital Fund Exhibits 32

CHAPTER 9

★June 2000

DEFENSE WORKING CAPITAL FUNDS ACTIVITY GROUP ANALYSIS

0901 GENERAL

090101 Purpose

This chapter highlights the policies and justification procedures underlying budget formulation for the Defense Working Capital Funds (DWCF).

090102 Background

A. Revolving funds were established to satisfy recurring Department of Defense requirements using a businesslike buyer-and-seller approach. The generators of requirements justify the need for funds to the Congress, but are not always the organizations that execute the requirement. In some instances, the "customers" or "buyers" contract with DoD "provider" or "seller" organizations that have expertise in the service or product required, and operate under business financial management principles. Unlike profit-oriented commercial businesses, the revolving funds goal is to break even over the long term. Revolving fund selling prices established in the budget are stabilized or fixed during execution to protect customers from unforeseen fluctuations that would impact on their ability to execute the programs approved by the Congress.

B. The basic tenet of the revolving fund structure is to create a customer-provider relationship between military operating units and support organizations. This relationship is designed to make managers of support organizations funded through DWCF and decision-makers at all levels more concerned with the costs of goods and services. Requiring the operating forces to pay for support they receive provides increased assurance that services supplied and paid for are actually needed.

Prior to the establishment of an activity under DWCF, a charter, which sets forth the scope of the activity group shall be prepared and signed by the Secretary or Assistant Secretary of the Military Department or by the Director of a Defense Agency, as applicable. The charter is submitted to the Comptroller of the Department of Defense for approval. Four criteria are used in evaluating potential activity groups for inclusion into the Fund. The four criteria are: identification of outputs that relate to products or services provided by the business to customers; establishment of a cost accounting system to collect costs of producing outputs; identification of customers so that resources can be aligned with the requirements; and evaluation of buyer-seller advantages and disadvantages to include assessment of the customers' ability to influence cost by changing demand.

C. Revolving funds have been in use by the Military Components for a considerable period of time. Modern day revolving fund authority is provided by the National Security Act of 1947, as amended (Title 10 U.S.C., Section 2208). The FY 1996 DoD Authorization Act (Public Law 104-106) codified the Defense Business Operations Fund (the predecessor of the Defense Working Capital Fund) in Chapter 131 of Title 10, U.S.C.

D. Revolving Fund Activities evolved from two distinct categories. The first type, Stock Funds, dealt with procuring material in volume from commercial sources and holding an inventory. Subsequently, activities sold to the authorized customer who needed the item in order to achieve weapon systems readiness or provide required personnel support items. The second type, Industrial Funds, provided industrial and commercial goods and services such as depot maintenance, transportation, and research and development. Both types of revolving funds were financed primarily by reimbursements from customers' appropriated accounts.

E. The Department of Defense expanded the use of businesslike financial management practices through the establishment of the Defense Business Operations Fund (DBOF) on October 1, 1991. Building on revolving fund principles, cost and performance are linked together and the Fund's managers are expected to operate within cost goals established in operating and capital budgets.

F. DBOF combined existing commercial or business operations that were previously managed as individual revolving funds into a single revolving, or business management, fund. The Fund Treasury account has five subaccounts (one for each Military Department and Defense-wide). On December 11, 1996, the Under Secretary of Defense (Comptroller) reorganized DBOF and created four Working Capital Funds: Army, Navy, Air Force, and Defense-Wide. Further, on December 16, 1997, a separate Working Capital Fund was established for the Defense Commissary Agency effective in FY 1999. This change retains the numerous benefits and improvements resulting from the implementation of DBOF while clearly establishing the Component's responsibility for managing the functional and financial aspects of their activities.

G. Prior to FY 1992, industrially funded activities did not receive funding documents. All funding authority was provided through customer orders. With the implementation of the Funds, annual operating budgets that provide official management cost goals and capital budgeting limitations are issued to the Services and Agencies for each activity group.

H. For businesses within the Fund, high level unit cost goals and fixed prices make it possible to measure changes in cost based on financial operating results. This cost-oriented approach encourages management to look at all costs, including overhead, in terms of the output of the business and provides visibility of cost drivers.

090103 Policy

These policy statements are provided for budget formulation and are to be used as the basis for preparing Budget Estimate Submissions (BES).

A. Cash Management

The cash management policy is to maintain the minimum cash balance necessary to meet both operational requirements and disbursement requirements in support of the capital program. Cash generated from operations is the primary means of maintaining adequate cash levels. The ability to generate cash is dependent on setting rates to recover full costs to include prior year losses; accurately projecting work load; and meeting established operational goals.

The responsibility for DWCF cash management was returned to the Components and Agencies effective February 1, 1995. This provides activity group managers additional control of and accountability for their operations, since cash management is an integral part of operational and cost management. Since cash management has been decentralized, there is no longer a requirement for the Defense Finance and Accounting Service (DFAS) to implement automatic advance billing procedures when overall Departmental cash levels fall below $1 billion, and it has been determined that the cash shortage was not caused by an anomaly. Volume 11B will be updated to reflect this change in policy.

Any transfers of cash between DWCF activity groups, whether directed internally by the Components or as the result of audit, Departmental guidance, or Congressional direction, will be included in the affected activity group's budgets. Cash transfers will not be made without prior consultation with and approval of the OUSD Comptroller. Further, all such transfers will be formally documented in a Program Budget Decision, and will be reflected in both the gaining and losing activity groups' supplementary budget justification books for the President's Budget Submission.

The major points included in the policy are:

- Effective cash management is directly dependent on the availability of accurate and timely data on cash levels and operational results.

- Cash levels *should* be maintained at 7 to 10 days of operational cost and cash adequate to meet six months of capital disbursements. Cash levels will be calculated using the following formula: Total operating budget disbursements for a fiscal year divided by either 260 or 261 available workdays in a fiscal year (as documented in OMB Circular A-11) multiplied by the number of days cash desired. This amount is then added to the projected disbursements for six months of Capital Investment Program Outlays.

- Cash plans will be developed to facilitate the cash management process. Plans consider collections, disbursements, appropriations, and other cash transactions based on Component estimates. This annual plan will be initially developed during the budget process and will be an integral part of the budget document.

- In addition, a monthly phasing analysis of collections and disbursements as part of the cash plan will be required to monitor execution. This monthly execution review will lead to increased management attention in reducing costs, emphasizing timely billing, collecting revenue, and disbursing.

A goal of the DWCF is to eliminate the use of Advance Billing of Customers to maintain cash solvency unless required to avoid Anti-Deficiency Act Violations. The DoD Authorization Act of FY 1998 Section 1011 requires that the Secretary of the Military Department notify Congress within 30 days after an advance billing is made. Any requirements for advance billings by a Service Component or Activity Group will be coordinated in advance with the Director for Revolving Funds. A copy of the letter to Congress will also be provided to the Revolving Funds Directorate. *Per Congressional Direction, advance billings for the Defense Working Capital Funds may not exceed $1.0 billion in any year.*

- The operational control of actions taken by each DWCF activity, which result in cash disbursements and collections, always has and continues to reside with the Components and Agencies. Decentralizing cash management was done to provide the Component and Agency managers additional control of and responsibility for their operations, as cash management is an integral part of operational management. The policy requires that each level of management within the Department participate in the execution of the policy in order to insure results are achieved to improve the management of DWCF cash.

B. Operating Budget

The operating budget contains the annual operating costs of an activity or Component, including depreciation or amortization expenses. To minimize costs within activity groups, all goods and services should be purchased, whenever possible, from the source that provides them at least cost, unless there are some other considerations such as mobilization or readiness that prohibit this flexibility. Of course, the performance and quality of the source must be considered as well. When comparing costs of organic or commercial sources, both direct and indirect costs are to be included in the evaluation.

1. Depreciation expenses shall be calculated and accumulated using the straight-line method based on the capitalized amount less residual value, and divided equally among accounting periods during the asset's useful life based on established depreciation schedules. Residual value will be used in the calculation only if it exceeds 10% of the cost of the asset. The depreciation schedules to be used for Fund activities are as follows:

a. For assets acquired prior to October 1, *2000:* Facilities Construction (including Minor Construction) – 20 years; Equipment purchases, other than ADPE and Telecommunications Equipment – 10 years; ADPE, Commercial Software, and Telecommunications Resources – 5 years; General Purpose Vehicles – 5 years; Internally Developed Software – *10 years.*

b. For assets acquired on or after October 1, *2000*: General Purpose Vehicles (includes heavy duty trucks and buses), ADP Systems and Hardware (Computers and Peripherals), High Tech Medical Equipment, Equipment used in RDT&E, Radio and Television Broadcasting Equipment, Commercial Software, *and improvements to 5 Year Recovery Period Property (Personal Property)* – 5 years; *All other Equipment and Machinery, and Software, Improvements to 20 Year Recovery Period Property(e.g. new elevator in an existing building)* – 10 years; Vessels, Tugs, Barges, and Similar Water Transportation Equipment (non-national Defense PP&E vessels/ships), Steam (12.5K pounds per hour or more) and Electrical Generation Equipment (500 Kilowatt or more) *and other utilities,* Fences, Roads, Bridges, Sewers, Ships and Railroad Wharves and Docks, Dry Docks, Fuel Storage Facilities, etc, and *Improvements to 40 Year Recovery Period Property* – 20 years; Buildings, Hangars, Warehouses, Fuel Storage Buildings, Air Traffic Control Towers, and Other Real Property Structures – 40 years.

c. *Improvements to Leased Buildings and Other Real Property (Leasehold Improvements) – Remainder of Lease Period or 20 years, whichever is less.*

d. Land Rights of Limited Duration – Over the specified duration.

2. For items in the 5 year category, a recovery period of less than 5 years is permitted if the acquiring DoD component is certain that the useful life of the asset is at least two but less than 5 years. The DoD component must document the reasons for the shorter useful life and may not change the recovery period once depreciation has been started.

3. Depending on the nature of the software, it may be depreciated over a period of five years or 10 years. The Component may also request a waiver and propose an alternative depreciation period. The determining factor should be the actual estimated useful life of the software consistent with that used for planning the software's acquisition.

4. Future guidance for depreciation of General Plant Property and Equipment Capital Assets will be found in Volume 4, Chapter 6 of the FMR.

5. These depreciation rules are consistent with Federal Accounting Standards Advisory Board Statement on Federal Financial Accounting Standard No.6.

6. For equipment transferred into a activity group that has preexisting depreciation schedules, depreciation will be based on the remaining book value plus any associated costs for transportation, installation, and other related costs necessary to put the asset into operational use.

7. For capital assets that are transferred to a activity group that have no preexisting depreciation schedules, depreciation will be calculated based on the net value (original acquisition cost less calculated accumulated depreciation) plus any associated costs for transportation, installation , and other related costs necessary to put the asset into operational use

8. Depreciation of capital equipment will be fully reflected in the operating costs and rates of Fund businesses.

C. Capital Investments

1. With the exception of major construction and items listed in paragraph D.1, acquisition of all capital assets for use by businesses within the Fund are financed through the Fund. The Capital budget shall not be used to establish a new or to expand organic capability except as specifically approved in a capital budget. Capital assets include depreciable property, plant, equipment, and software developed, manufactured, transferred or acquired during a fiscal year for a determinable cost of $100,000 or more, effective October 1, 1995, and having a useful life of two years or greater. Once assets are capitalized by the DWCF activity, they will continue to be reported as a capital asset and depreciated until the book value of the asset reaches zero or its salvage value, as appropriate. Changes in the capitalization threshold will not impact assets already capitalized unless directed by higher authority. *The expense/investment threshold established by the Congress will be used to determine if an item should be capitalized or expensed.*

2. These assets will be funded through the capital budget and their costs will be depreciated according to depreciation schedules found above and in Volume 2a, paragraph 010219C . Resources needed to finance DWCF capital assets shall be derived primarily from depreciation of existing Fund assets. The estimated depreciation expense shall be included in stabilized rates and prices billed to Fund customers. A capital purchase positive or negative surcharge, if required, shall also be included to fund the increment, if any, in excess of, or less than, depreciation when necessary to fund the approved capital investment.

3. Purchase and installation costs for the initial procurement of any and all depot maintenance capital equipment unique to newly introduced platforms or weapon systems will continue to be funded in the appropriate procurement account. Once transferred to or otherwise capitalized by the depot, the capital equipment

becomes the property of the depot. 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 in the Fund.

4. The term "software" includes both operating software and application software. As defined in OMB Circular A-11, software includes systems programs, application programs, commercial-off-the-shelf (COTS) software, independent subroutines, data bases, and software documentation. Software that is integrated into hardware, and is necessary to operate the hardware, rather than to perform an application, should be budgeted with, and capitalized as part of the hardware. Systems application software, however, should be budgeted separately either as an expense or as a capital investment depending on whether it meets the criteria for a capital asset. Systems application software may be acquired through (1) the purchase of COTS system; (2) the development of new applications through either in-house or contractual effort; or (3) the modernization of existing software that expands and/or enhances its existing capabilities.

a. Software development/modernization will be budgeted by project. The full scope of a software development project may consist of efforts in any or all of the following four phases: (1) planning and system design, (2) management and technical support during development, (3) system development including software modification and conversion, and (4) deployment, including environmental and operational test and installation. The inclusion of these phases and related cost elements will ensure that software development budgets are properly prepared. Technical software support and maintenance software support occurring after system installation are treated in DWCF as operational expenses. (Refer to the instructions for the Fund-9a exhibit of the Capital Investment Summary, paragraph C, Software Development/Modernization, of this chapter for those detailed costs to be captured in software development budgets).

b. Software amounts included in DWCF capital budget submissions should include those software development or acquisition efforts for the benefit of the DWCF activity, and exclude software developed or acquired for a specific customer order. (Software developed or acquired for a specific customer order should be charged to and reimbursed by the requesting customer.) Types of cost to be included in a software development project include total labor and non-labor costs such as: (1) all direct costs for civilian and military personnel; (2) contractor labor; (3) supplies; (4) travel; (5) processing support for testing; (6) indirect costs; and (7) general and administrative costs (e.g., base operations support, higher headquarters, and depreciation for central design activity-owned assets). Exclude from the capital budget all costs incurred prior to Milestone 0, Concept Exploration and Definition. Costs such as basic research, study, exploratory development establishing feasibility and practicality of proposed solutions, rough order of magnitude estimates, etc., are treated in DWCF as operational expenses.

c. Software projects may be accomplished by modules. A module is an application that may be operated or used independent of other modules within a system. Where an entire system consists of more than one severable module, the request for capital budget authority (Fund-9b) for each deliverable module should be requested in the budget year the module is started, and should be funded in an amount sufficient to finance the specific module to its completion. However, budget justification material for development of DWCF capital investment projects involving software must disclose the total estimated costs of all software development efforts associated with the applicable system with which the software is to be utilized, including the cost of software development efforts of other modules funded separately from the specific DWCF capital investment project being justified.

d. While the costs of acquiring ADP equipment should be excluded from the cost of software development projects, such costs also should be disclosed in the DWCF capital investment budget justification material for the software development project.

e. Budget submission and justification should be documented on Exhibit Fund-9a, 9b, and 9c. Exhibit Fund -9a, "Capital Investment Summary," represents the summary data of all software deliverables requested for a system. Exhibit Fund-9b, "Capital Investment Justification," provides detailed cost data and narrative justification for each module of a system. Exhibit Fund-9a and Fund-9b data should agree with, and also may be used for cross referencing, Exhibit 43-IT2 of the Information Technology budget. Exhibit Fund-9c, "Capital Investment and Financing Summary," outlines authority obligations, outlays, unobligated balances, and unexpended obligations by fiscal year.

f. The following shows, as an example, severable deliverable modules of a fictitious financial management system:

- XYZ FINANCIAL MANAGEMENT SYSTEM SOFTWARE MODULES

SOFTWARE DEVELOPMENT, MODIFICATION, OR CONVERSION PHASE

Deliverables

a. Cash Management Module
b. Property Control
c. Inventory Control
d. Receivables
e. Payables
f. Cost Accounting
g. Reporting

g. Software development and modernization costs incurred by Fund activities for projects installed and operational after October 1 of a specific fiscal year will be depreciated beginning in the month the project is installed and operational (even though it may not be used in operations that month). Incremental deliveries of these projects will be depreciated if the cost of the delivery exceeds $100,000.

5. Facility investment of $100,000 or more but less than $500,000 for a new or replacement facility, or for changes in the function of a facility, will be funded through the minor construction line of the capital budget and depreciated. For minor construction projects involving the correction of life threatening, health, or safety problems, the upper limit is increased to $1,000.000.

6. Each proposed acquisition of a capital asset shall be reviewed to ensure that it satisfies all of the following criteria:

a. It is more economically feasible to purchase rather than to lease the capital asset. While leasing is not a part of the Capital Purchases Program, it may be appropriate for areas of fast changing technology or when work loads are expected to cease before the end of the program or payback period. Leasing also may be used as a means of obtaining near-term benefits from productivity improvement opportunities until sufficient data to verify the benefits of procurement can be developed.

b. The acquisition of a capital asset meets the Department's long-range planning and programming objectives and results in satisfying a documented need for capability to perform valid operations, functions, or services that cannot be performed as effectively or economically by the use of existing equipment and facilities or by contract.

c. The acquisition of a capital asset complies with policies and regulations governing the acquisition and management of facilities, special tooling, and special test equipment as established by DoD Directive 4275.5, "Acquisition and Management of Industrial Resources" as well as other applicable policies and regulations governing the lease and acquisition of equipment and facilities.

7. Work load projections used to justify capital purchases must take into account the results of inter-service decisions, work load posture planning decisions, readily available commercial alternatives, and other reasonable options available for accomplishing applicable work load.

8. Capital assets recommended for acquisition shall be those deemed to most efficiently and effectively accomplish the objective for which they are justified. The criteria are: improved efficiency (savings) or effectiveness; required new capability and capacity that cannot be met with current equipment and facilities; replacement of unsafe (locally determined), beyond economical repair, or inoperative and unusable assets; and environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements.

9. A formal pre-investment analysis or a cost comparison is required to justify investment projects for Capital Budget submissions in the four Capital budget investment categories. In addition to budget formulation, either an economic analysis or cost comparison shall be used to support a project substitution or to accomplish a reprogramming request. An economic analysis shall be used for all projects with a cost of $1,000,000 and over. A cost analysis will be used for projects under $1,000,000. This pre-investment analysis must be completed prior to inclusion of the capital asset in the capital budget submission, accomplishment of a reprogramming action, or a project substitution. The scope of analysis shall be tailored depending on the dollar value of the project. These analyses shall be maintained by the originating office of the DoD Component as project documentation support for the Capital Budget submission as well as program execution.

a. The four capital budget investment categories are: Automated Data Processing (ADP) and Telecommunications Equipment; Non-ADP Equipment; Minor Construction ($500,000 or less for most projects, $1,000,000 or less for projects impacting heath, safety or environment); and Software development.

b. Capital budget projects in the four investment categories shall also identify one of the following primary reasons for justifying the investment: replacement; productivity; new mission; or environmental.

c. There are two exceptions that may apply in lieu of performing a pre-investment analysis. In both instances, an exception justification statement shall be prepared documenting the requirement or authority for the exemption claimed. Exemption statements shall be validated as would a pre-investment analysis and approved through DoD Component review channels.

(1) Environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements including directed action by higher DoD or Component authority that precludes choice among alternatives.

(2) DoD instruction or directive waives the requirement (e.g., equipment age or condition replacement criteria).

d. A cost comparison shall be prepared for investment projects under $1,000,000. The cost comparison initially shall be prepared in constant base year dollars and shall present a differential cost display by year for up to a six-year evaluation period beginning with the budget year for which investment funds are requested.

- Documentation for a cost comparison shall describe the functional process performed; define the need/requirement/objective; identify work load projections; address feasible alternatives; present total costs attributed to each alternative and the differential costs/monetary benefits expected in constant and current dollars over the six-year evaluation period; and provide significant assumptions, constraints, estimating methods, and rational and data sources.

- Payback shall be the primary economic indicator used for cost comparisons to rank order projects up to $1,000,000 within the investment categories of each activity group.

e. An economic analysis shall be prepared to justify capital investment projects of *$1,000,000* or more. The economic analysis shall be prepared on a net present value (NPV) basis and shall comply with applicable DoD or Component guidance as well as functional program guidance. The economic analysis initially shall be prepared in constant base year dollars and shall present a differential cost display by year over the project's expected economic life beginning with the budget year for which investment funds are requested.

- Documentation shall describe the functional process performed; define the need/requirement/objective; present and explain work load projections; identify feasible alternatives; present total costs and the differential costs/monetary benefits in constant, discounted, and current dollars over the expected economic life of the project; present estimating methods/relationships, and data sources; identify significant constraints, assumptions, and variables; treat sensitivity and uncertainty of key parameters; and address all other quantifiable benefits as well as any intangible benefits influencing the recommended course of action.

- Quantifiable benefits are all outputs/results achieved in return for investment dollars associated with an alternative.

- Benefit to Investment Ratio (BIR) shall be the primary economic indicator used to rank order projects of $100,000 or more within the investment categories of each activity group.

- Automated economic analysis programs and reports may be used if the programs provide comparable information to that of standard economic analysis reports.

10. Annually, each activity within the DWCF shall prepare post-investment analyses. Post investment analysis will only be prepared for those projects with a unit cost over $1,000,000 and should be limited to recurring type investments where lessons learned in prior projects would influence future investment decisions. For example, an activity is investing $5 million in similar new equipment over a 3 year period. A post investment analysis would be required to show how equipment being purchased in the last year of the purchase cycle has demonstrated cost savings over purchases at the beginning of the buying periods. The format and technique for each post-investment analysis shall be similar to the cost comparison or economic analysis used for the project justification. The post-investment analyses shall be retained for ready review for five years.

11. The total annual capital budget approved for each Component by the Congress during review of the Fund may only be exceeded to the extent that projects which were included in the operating budget based on approved expense/investment criteria must be executed as capital budget items due to revised cost estimates. Transfer of projects from the operating budget to the capital budget reduces the amount earned in the operating budget. Exceeding the total capital budget (the total includes amounts reprogrammed) is an Anti-Deficiency Act violation.

Each Component may reprogram capital funds between activity groups; however, the maximum annual increase in any one activity group must be less than $10 million for each capital investment category approved in the President's budget; i.e., ADP equipment and telecommunications, non-ADP equipment, minor construction, and software development. Reprogramming into an activity group's capital budget from the operating budget does not count against the $10 million threshold.

Only those capital asset projects that have been included in a President's budget for the DoD Component may be financed through the Capital Investment Program (CIP). However, in the year of execution, substitutions may be made for projects when delays are incurred in placing the approved projects on contract or when operational necessity warrants. The following approval levels and dollar threshold apply to changes to projects approved in the capital budget section of the AOB including re-programming, substitutions, cancellations and additions:

(a) All current year adjustments or changes to capital projects that are equal to, or greater than $1,000,000 shall be approved by the Director for Revolving Funds.

(b) All current year adjustments or changes between categories of capital projects (i.e., minor construction, equipment, ADP equipment and telecommunications, non-ADP equipment and software development) or activity groups that increase a category or a activity group by a cumulative amount equal to, or greater than $1,000,000 within a program year shall be approved by the Director for Revolving Funds. If either of these thresholds is breached, then the Director for Revolving Funds must approve substitutions prior to their initiation. Subdividing of projects is not allowed. *(e.g. If a Component wishes to add a project to activity group x. for $1.5 million. It may do this either by an internal transfer of authority between CPP categories of the same activity group, reduce or eliminate an item within the same CPP category within the activity group or reduce the authority of another activity group. No matter how this is accomplished, if the amount of the individual adjustment is $1,000,000 or more, then prior approval must be obtained from the Director for Revolving Funds.*

(c) Components may approve transfers between CPP categories or among their activity groups if the change is less than $1,000,000. However, they are required to notify the Director for Revolving Funds so that such changes may be documented in subsequent Annual Operating Budgets.

(d) Capital obligation adjustments must be charged to the program year cited in the President's Budget for the original project. The prior year capital investment program limitation is equal to actual obligations at September 30 of that fiscal year plus adjustments approved by the Director for Revolving Funds to the prior year program. Other than these approved adjustments, the only time after September 30 that a prior year CIP authority will exceed its obligations is when de-obligations occur in a prior year CIP after September 30.

(e) Capital obligation authority is automatically provided for prior year within-scope increases of less than $100,000 provided the unobligated balance in the prior fiscal year capital program is sufficient to finance the increase. Prior year within-scope increases of $100,000 or greater or increases of less than $100,000 for which there is no unobligated balance will be approved by the Directorate for Revolving Funds. The request should propose, when possible, equal offsetting reductions to the current year capital authority to finance the prior year increase. If an activity cannot fully obligate its current year program and can justify a request for additional current year authority in the following fiscal year, the activity should submit such a request (including justification) to the Revolving Funds Directorate for each capital purchase line item NLT August 5 of each fiscal year. Approved adjustments to the prior year CIP will be included in the subsequent year's capital purchase apportionment request to OMB. Normally, prior year CIP authority will not be approved above the level requested by DoD in the President's Budget and approved by the Congress. However, prior year CIP authority may be increased above the President's Budget approved levels for high priority and unanticipated purposes(e.g. retroactive safety, environmental, or audit finding related requirements). Requests to increase prior year CIP authority received after August 5th (for which there is no apportioned contract authority) should propose offsetting decreases to the current year CIP authority.

D. Exclusions from the Capital Purchases Program

The following are mandatory exclusions from the Fund capital purchases program and must be financed directly from appropriated funds:

1. Major Range and Test Facility Activities Items (equipment and minor construction) that meet the DoD investment capitalization criteria for use by major ranges and test facility bases operating within the Fund.

2. Military and tenant support functions.

3. Aircraft, ships, barges, and general-purpose passenger-type vehicles.

4. Equipment and minor construction projects purchased to meet mobilization requirements, but not used during peacetime operations.

5. Equipment initially procured and usually furnished as part of a weapon system and/or support system to include initial common support equipment for depot maintenance support of new weapon systems.

6. Equipment normally funded by appropriated funds and provided to contractors as Government-furnished equipment to be incorporated into, used in conjunction with, or consumed in the production of, an end product. (Such equipment should be funded by appropriated funds and provided to the applicable DWCF activity at no cost to the DWCF activity.)

7. Minor construction projects for a non-DWCF activity or military support function.

8. Construction and facility investment projects that exceed the amount specified in 10 U.S.C. 2805 for funding from accounts available for operations and therefore must be funded by the Military Construction appropriation.

9. Environmental projects financed or submitted for funding by the Defense Environmental Restoration Account.

10. Capital investments for morale, welfare, and recreation activities.

11. Such other exclusions as may be approved by the USD (C).

E. Construction

1. Minor construction projects of $500,000 or more shall be funded within the Military Construction appropriation.

2. Effective in FY 1996, 10 U.S.C. 2805(c)(1) was amended to increase the threshold for unspecified military construction projects funded by the Fund and intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening from $300,000 to $1,000,000. However, projects costing $500,000 or more must still be approved by the USD (C) and identified on the AOB prior to execution to avoid an Anti-Deficiency Act violation. Reprogramming thresholds identified in paragraph 090103.C.11 still apply.

3. Effective in FY 1996, 10 U.S.C. 2805(c)(1)(B) was amended to increase the threshold for minor construction projects from $300,000 to $1,000,000 for activities designated under the DoD Laboratory Demonstration Program. Fund activities designated to participate in the DoD Laboratory Revitalization Demonstration Program must still obtain prior USD(C) for projects costing over $500,000 and have it separately identified on the AOB prior to execution of the project to avoid an Anti-Deficiency Act violation. Reprogramming thresholds for the capital asset program identified in paragraph 090103.C.11 still apply. The authority for the Laboratory Revitalization Demonstration Program expires on September 30, 1998.

4. Project planning and design costs are considered a capital investment cost that is capitalized by the DWCF activity and financed in the minor construction portion of the capital budget. Planning and design costs are not included as part of the statutory threshold for minor construction projects. The amount of planning and design funds should be separately identified from individual projects in the Budget Estimates Submission.

F. Mobilization/Surge Costs and War Reserve Material

Mobilization capability costs include the costs to maintain a surge capacity, to procure and maintain approved war reserve material levels, and/or to maintain other assets, functions, or capabilities required to meet an operational contingency as documented in Defense Planning guidance or operational plans.

All costs at businesses within the Fund related to maintaining a capacity to meet mobilization requirements will be reimbursed by funds that are from direct appropriations and will not be financed through customer rates.

1. War Reserve Material. *Obligations for* war reserve material will be funded by a direct appropriation to the Fund *or after notification to Congress*. Such appropriated amounts for secondary items shall be reflected as a separate goal within the applicable Supply Management or Commissary Resale activity group AOB. *A new exhibit, SM-6 War Reserve Material, will be prepared by the Components to justify War Reserve Material Requirements.*

2. Unutilized and Underutilized Plant Capacity.

- As provided in Program Budget Decision 407 dated December 11, 1996, Unutilized Plant Capacity (UPC) represents costs associated with maintaining facilities to meet necessary surge capacity due to mobilization or war. UPC costs are not to be included in the DWCF rate structure. Rather, budget these costs in the Operations and Maintenance Accounts. As a general rule, any month during which these mobilization facilities are not used, or if utilized only 20% or less of available work days , the pro-rata support costs for those facilities will be included in the UPC funding. Unutilized capacity is considered a mobilization requirement that is to be funded by appropriated funds provided by the DoD Component having management responsibility for the Fund activity.

- Mobilization Program expenses related to UPC may include both maintenance and labor costs related to the Program.

- Each non-Supply Activity Group will prepare an UPC Budget Exhibit (Fund – 30). This exhibit documents activity group total capacity, Unutilized Capacity Index, and Justification and cost used in developing

the request for UPC. All non-Supply Activity Groups will complete the three capacity index metrics found in Part I of the exhibit. Any non Supply Activity Group requesting UPC funding will also complete the funded UPC line in Part I and the UPC justification in Part II of the exhibit.

3. *Industrial Mobilization Costs*

- The Army has established a new category of costs that includes both UPC and underutilized facilities cost. They call this Industrial Mobilization Cost. The Army will use the same UPC exhibit fund-30 to justify their IMC costs.

G. Military Personnel

1. Since the majority of military personnel at DWCF activities are there for reasons other than DWCF business requirements (e.g., mobilization, rotational training, command opportunities), the full cost of military personnel should not be included in the DWCF cost of operations or customer rates. Instead, for development of customer rates, a civilian equivalent rate, provided by the USD (C), will be used to price military personnel at DWCF activities during budget formulation. The difference between the civilian equivalent costs, included in the DWCF budget, and the actual military personnel cost will be budgeted directly in the appropriate military personnel appropriation. The number of military included in the budget will be the number of military average strength assigned to the DWCF business. The budget amount will equal the average strength multiplied by the civilian equivalency rate for each grade. The average strength for the budget year(s) will be calculated using the average fill rate for the three prior years. The fill rate is calculated by dividing actual average strength by the authorized strength for each grade. No adjustments will be made to the DWCF cost of operations to reflect the actual cost of military personnel employed by DWCF activities.

2. The amount expensed for military personnel by DWCF activities and the amount reimbursed to the appropriate military personnel appropriation will be the same as the amount budgeted. No adjustments will be made to the DWCF cost of operations to reflect the actual cost of military personnel employed by DWCF activities. Military Departments having military personnel assigned to other Components will provide to each Component the number of workyears that should be included in the DWCF budget submission.

3. The civilian equivalent costs are provided by the OUSD(Comptroller) and are calculated as follows: (a) The current General Schedule of civilian pay rates, step 5 or Executive Service pay rates of the equivalent grade are used. (b) The amount in (a) should be multiplied by any proposed pay raise effective in future periods that may impact the level and cost for negotiated military support. (c) The amount calculated in (b) is to be multiplied by the civilian personnel fringe benefits factor applicable to the Military Service or Defense Business Operations Fund to arrive at the total civilian cost. The 14.7 percent for unfunded civilian retirement is not to be included in the calculation. (d) Civilian personnel fringe benefit rates and military composite rates are provided by the OUSD(Comptroller).

4. See Volume 2A, paragraph 010217 for military personnel pricing policy.

H. Full Recovery of Costs and the Setting of Prices

1. Managers of activity groups within the Fund are required to set their prices based upon full cost recovery, including all general and administrative support provided by others. Prices are established through the budget process and *except for* the Depot Maintenance *and Central Design Agent Activity Groups,* remain fixed during the year of execution. This stabilized rate policy serves to protect customers from unforeseen inflationary increases and other cost uncertainties and better assures customers that they will not have to reduce programs to pay for potentially higher-than-anticipated prices. In turn, this policy allows activities to execute the budgeted program level and permits a more effective use of Fund resources.

2. Prices for the budget year will be set to recover costs over the long run. This means that prices will be set to achieve an Accumulated Operating Result (AOR) in the budget year of zero. During budget execution, activity groups will record either a positive or negative Net Operating Result. Accordingly, prices in the budget year will be set to either make up actual or projected losses or to return actual or projected gains in the budget year(s).

3. An activity group may request that AOR losses be recovered over a two year period. The request must be included in the budget submission, may recover no more than 50% of the loss in the second fiscal year, and must demonstrate that the delay in the recovery of losses will not adversely effect the cash balance of the activity group. A phased recovery schedule must be provided with the budget. The Directorate for Revolving Funds will provide final approval for any extended AOR loss recovery plans.

4. Unbudgeted Depot Maintenance *or Central Design Agent* operating losses or operating gains of $10 million or more per activity group will be recouped or returned as appropriate. This recoupment will occur in the current fiscal year or, in the case of fourth quarter gains and losses, in the subsequent quarter of the next fiscal year. This rate adjustment will increase financial discipline, encourage depot commanders to implement cost controls more rapidly, and provide the right incentives to set rates correctly in the budget, eliminate the routine use of advance billing to cover execution losses, and improve operational efficiency.

5. The established procedures will impose a surcharge on customer bills to recoup losses. The amount of the losses to be recouped will be determined at the first budget execution review meeting of the fiscal year. Additional adjustments will be determined during the mid-year review as needed. Customers will be required to absorb or finance all cost increases.

6. Non-Organic Contract Costs

As stated above, DWCF policy requires that Components budget for total costs incurred for activity groups. Thus, Components will include in prices contract costs for effort funded at a DWCF activity group by the customer but performed by contractor (non-organic effort) in the total cost of that DWCF activity group. In addition, the budget estimate will recover all costs associated with contract award and administration through prices charged to the customer.

7. Unbillable Expenses and Operational Losses.

Expenses that cannot be billed to an identifiable customer or that were generated from unforeseen cost overruns are to be treated as expenses in the fiscal year is which the costs were incurred. The operating losses accruing, therefore, will be included in calculating net operating results.

8. The prices set for all activity groups processes will match the rate changes approved during the budget review.

I. Reimbursement for Contingency Operations and Humanitarian Efforts.

1. All Working Capital Fund (WCF) business areas, including transportation services provided by the United States Transportation Command (USTRANSCOM), operate on a reimbursement basis with users paying for goods and services provided. Payment for contingency operations, including deployment or other emergency response for military or humanitarian assistance, is no exception

2. The users ordering the WCF service must pay the bill, and no orders are to be accepted without funding. The Military Department Headquarters is responsible for determining which level within the Military Department will pay (that is, the unit, major command, or Military Department level). This process also applies when a Unified Combatant Command tasks a Service-funded unit to perform a mission (such as transportation of military personnel or equipment by USTRANSCOM). The Military Department that controls the equipment or personnel is responsible for payment of costs incurred to accomplish the mission.

3. Consistent with this policy, third party collections for transportation provided in response to a Request for Assistance (RFA) from another government agency is prohibited. The Military Department that controls the equipment or personnel being transported is responsible for reimbursing USTRANSCOM. It is then the responsibility of the Military Department that accepted the RFA to collect any required reimbursements due that Military Department by the requesting government agency

4. The sole exception to this policy occurs when the USTRANSCOM receives an order from the Joint Chiefs of Staff requiring transportation of non-U.S. owned equipment and/or non-U.S. personnel such as un-reimbursed efforts in support of the United Nations. In those instances, the Army will pay Military Traffic Management Command (MTMC) costs, the Navy will pay Military Sealift Command (MSC) costs, and the Air Force will pay Air Mobility Command (AMC) costs. Bills may be centralized for more convenient processing if appropriate; however, billings shall be forwarded to the appropriate Military Department within 30 days from the commencement of service or the humanitarian effort. Payment of these bills, including transportation bills, by the Military Departments must be made in a timely manner

5. This guidance does not address any contingency operation designated by the Secretary of Defense as a "National Contingency Operation" under the provision of the United States Code Title 10, Section 127. Special rules apply for such an operation and those rules should be promulgated separately in conjunction with any designation by the Secretary under the provisions of that section.

J. Base Realignment and Closure (BRAC)

1. BRAC Costs - Costs incurred in implementing the recommendations of the Base Realignment and Closure (BRAC) Commissions will be funded by the appropriate BRAC account and are not to be included in the rates and costs of businesses within the Fund. Prior year, current year, or budget year operating losses in DWCF are not to be budgeted in the base closure accounts. Costs attributable to base closure actions at DWCF activities to be budgeted in BRAC may include:

- BRAC directed reductions-in-force, separation incentives, plant closures, plant layaway or custody costs or other BRAC related expenses, such as all costs not associated with a valid work order during the year of closure.

- Environmental Restoration and Mitigation. This includes reducing, removing, and recycling hazardous waste, and removing unsafe building debris.

- Planning. Conduct of such advance planning and design as may be required to transfer from an activity being closed to another military installation.

- Outplacement Assistant. Assistance in relocation, training, or other necessary assistance to civilian employees employed by the Department at installations being closed.

- Community Programs. This includes economic adjustment assistance to a community in which the closed base is located, or community planning assistance to the community to which functions will be transferred as a result of closure of a military installation.

2. BRAC and DWCF Rates - Overhead, not specific to BRAC and not in support of producing goods or services for customers, will be financed in the year the costs are incurred with the Components' Operation and Maintenance (O&M) appropriations. DWCF losses occurring in years prior to closure will be recovered through the rate structure to the extent that there are new customer orders. When there are no new customer orders in the budget year, all overhead not included in rates supported by ongoing work or prior year losses to be recovered in the budget year must be financed as a pass through to the DWCF from the O&M appropriations of the Military Department or Component responsible for the activity incurring the loss. All costs at a closing activity in the year of closure that are not associated with a valid work order or are not valid BRAC costs are O&M costs and must be budgeted in the fiscal year when they will be incurred. BRAC costs are defined in the paragraph above.

K. Funding of Civilian Voluntary Separation Incentive Program.

The Fund will finance and include costs in stabilized rates for civilian separation incentive requirements of assigned employees unless they must be offered as a result of directed base realignment and closure action. If the offering is a result of a base realignment and closure action then the appropriate Base Realignment and Closure Account will fund the civilian separation incentive.

L. Base Support

DWCF activities that use any of the services as listed in Exhibit Fund-22 must reimburse host activities in accordance with DoDI 4000.19 (Inter-service and Intra-governmental Support) to the extent that the specified support for the DWCF activity increases the host activity's direct costs. Costs for DWCF mission products and services (e.g., depot supply, depot maintenance, Public Works Center services, information processing, communications, and software development) shall be based on the approved stabilized rate. Other support incidental to the DWCF activity's primary mission or purpose shall be budgeted based on direct costs measurable and directly attributable to the DWCF activity (incremental direct cost). Only the incremental change in cost attributable to the DWCF activity (incremental direct cost) shall be chargeable to the DWCF activity. Indirect costs are not to be included as a cost to the DWCF activity. The cost of operations budgeted for these services either as a host or tenant activity should be noted by activity group in Exhibit Fund-22 (Summary of Base Support) that is provided to OSD/OMB with the fall budget submission.

M. First Line Supervision

First line supervision is that level immediately over non-supervisory workers. First line supervisors and above are official supervisory positions and, when acting in a supervisory capacity, their labor costs shall always be budgeted and charged as an indirect cost of the cost center supervised. Crew chiefs, snappers, team leaders, and other subordinate job leaders are not considered first line supervisors. Volume 11B, Chapter 63, paragraph K contains additional information related to charging labor costs.

N. DWCF Management Headquarters Costs

A DWCF management headquarters is a discrete organization or part of an organization that has authority over the management of the DWCF activity group. OSD and Service Departmental activities normally do not have this direct responsibility. All the major systems/logistics organizations in the Services include headquarters elements directly supporting DWCF activities that should be funded or reimbursed by DWCF activity groups.

Costs for discrete DWCF management headquarters organizations and parts of organizations that perform direct DWCF management headquarters functions should be directly funded by DWCF, if feasible, or reimbursed by DWCF. Only significant costs (exceeding 1 percent of the total activity group costs, or if less than 1 percent, costs that exceed $1 million) should be reimbursed. In addition, significant costs for common support functions (e.g., counsel, personnel, etc.) at organizations partially funded or reimbursed by DWCF (i.e. that has direct DWCF management responsibilities) should also be allocated, if feasible.

O. Dual Funded Organizations

A dual funded organization is an organization that is funded (including reimbursable funding) by both the DWCF and other appropriations or accounts. In those instances where a function is funded with a combination of both DWCF and appropriated funds, the function initially will be funded in its entirety either by the DWCF or by appropriated funds. The determination of whether the particular function initially is to be funded by the DWCF or by appropriated funds will be based on the predominance of definable units of measure for the function--e.g., work load, productive hours, outputs, or ultimate use. The part of the organization (or funding source provided) initially funding the function shall be reimbursed for appropriate amounts by other parts of the organization (or financing sources or customers) involved. Reimbursement (and the allocation of costs) between the provider and customer shall be made based on the same unit of measure--e.g., work load, productive hours, outputs, or ultimate use--as was used to determine which organization (or funding source) initially funded the applicable costs; and the amount of reimbursement shall be determined based on the relative portion of that unit of measure attributable to each part of the organization (or funding source) involved. Notwithstanding this policy, the amount of reimbursement for base support services provided by the DWCF to tenant activities shall be determined in accordance with the policies in paragraph 090103.K and DoDI 4000.19.

For example, if the part of an organization that is within the DWCF account for 60 percent of the unit of measure for a function shared with the part of the organization funded through appropriated funds, then the DWCF portion of the organization initially would fund all of the costs of performing that function.

However, the applicable part of the organization funded through appropriated funds would reimburse the DWCF for (and be allocated) 40 percent of the costs.

When a capital asset purchased by the DWCF is also used by the appropriated fund part of the organization, the Fund activity will capitalize the capital asset and bill the appropriated fund customer for the use of the capital asset. Such billings will utilize a stabilized rate that recoups both depreciation and operating costs.

When a capital asset purchased by an appropriated fund part of the organization is also used by the DWCF part of the organization, the appropriated fund side will capitalize the asset and bill the DWCF for operating costs only. (Appropriated fund activities do not bill DoD activities for depreciation of capital assets.)

P. Revenue Recognition

Revenue and associated costs must be recognized in the same accounting period. Revenue must be recognized in the same manner (that is, a standard policy for recognizing and reporting revenue must apply) for all activities within a DWCF activity group. Beginning in FY 2000, the "Percentage of Completion Method" will be the only method of Revenue Recognition used by non-Supply DWCF activities. The amount of revenue recognized cannot exceed the amount specified in the order. The policy varies based on the type of customer order, the length of time necessary to complete the order, and the value of the order. There are two types of customer orders: (1) end-product (end-item) type orders which, at the completion of the customer order, produce a usable end-product (an overhaul, repair, manufacture, construction, modification, etc.); and (2) service type orders which provide a service over a specified period of time.

It is important that current period net income/loss include revenues earned and costs incurred in the same periods in order for the activity group manager to better evaluated the performance of an organization for the period(s) in which the work is performed. The revenue recognition policy does not encompass or establish policies for billings to customers or payments from customers.

DoD Financial Management Regulation (DoD 7000-14R), Volume 11B, Chapter 61 provides specific revenue recognition guidance by DWCF activity group.

Q. Customer Mandated Schedule

When a job order is canceled or reduced in scope after a DWCF activity has commenced work or incurred costs on the order, the costs incurred, plus the applied overhead (that is indirect and other normally allocated overhead (G&A) costs)), plus costs associated with the cancellation or reduction shall be charged to the customer.

DoD 7000-14R, Chapter 1, paragraph 010222, provides specific guidance for the types of directly associated cancellation or reduction costs that can be charged to customers.

R. Extraordinary Write-offs.

Extraordinary write-offs of losses, chargeable against AOR in accordance with accounting policies, shall not be recovered through increases in customer rates in the following circumstances: losses resulting from the disposal or divestiture of capital budget items that have not been fully depreciated at the time they are taken out of service due to BRAC action; gains from customer returns without credit; or losses associated with systematic inventory reductions by disposal of assets associated with force draw downs. All such extraordinary write-offs will be separately identified in the Component's budget submission using either Form SM-5B or Fund-7B and will include an attached explanation which cites the fiscal year, the action which precipitated the divestiture action, the basis of the proposed write-off, and the dollar value. All requests for extraordinary write-offs must be approved by the OUSD(C). Any out of cycle requests for extraordinary write-offs should be forwarded to the Directorate for Revolving Funds, Program and Budget for review and approval.

S. Funding policies reflecting relationships with, and requirements of, other appropriations are provided in Chapter 1, Section 0102.

090104 Rate Setting in the Activity Groups

A. In accordance with paragraph 090103, stabilized rates reflecting full costing will be set during the budget process for all activity groups. The Fund includes a variety of activity groups that are categorized in two groups for rate setting purposes.

1. Supply Management Activity groups. Utilize commodity costs in conjunction with a surcharge to establish customer rates (see paragraph 090203 Supply Management).

2. Non-Supply Management Activity groups: Depot Maintenance, Research and Development, Transportation, Distribution Depots, Base Support, and all other activity groups have unit cost rates established based on identified output measures or representative outputs. These output measures establish fully cost burdened rates per output, such as a cost per direct labor hour, cost per product, cost per item received, cost per item shipped, etc. These activity groups establish both their output rates and the stabilized customer rates through the same general process. An example of this process is described below, and a more detailed explanation is provided in paragraph 090204.

B. Definitions and Procedures

1. Stabilized Rate. The stabilized rate is the cost per direct labor hour (or other output measure) customers are charged for the products and services provided by the depot or activity group. A stabilized rate is established for the fiscal year(s) budget being formulated during the budget review process. 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 activity groups within the Fund), and for the impact of prior year gains or losses as reflected by the AOR. This annual stabilized rate is the rate that will be charged for all new customer orders received and accepted during that specific fiscal year, regardless of the fiscal year the work is actually executed and billed. The only exception to this stabilized rate policy is for unplanned gains or losses in the Depot Maintenance *or Central Design Agent* Activity Groups. See paragraph 010218B or 090103H for more specific guidance. In Supply Management, customers are charged the stabilized price in effect when the item is dropped from inventory.

2. Rate Change. The annually published rate change for activity groups is the percentage change of the stabilized rate or price between fiscal years. As an example, for depot maintenance, the budget year rate is determined by dividing the approved Direct Labor Hour rate proposed for the budget year by the stabilized Direct Labor Hour rate in effect 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 funds submissions.

C. Budgeted Rates. DoD(C) will review and approve all final rates and prices developed for the President's budget submission during the Budget Review. Rates to be charged customers will be developed by the Components in their budget estimate submission to recoup all costs associated with the Activity group operating and capital budgets including all labor and non-labor, direct, indirect, and general and administrative overhead costs. Following the determination of required costs and proposed rate structures necessary to recover the full costs of executing the Components' planned support program. During budget formulation, Components may propose more detailed rates that break out overall composite rates by activity or product line within an activity group. If approved, these rates would be used in final budget development and execution. Components will make corresponding adjustments in appropriated customer account budget requests to ensure the customer and Fund business budgets are in balance.

D.. Alternative Rate Development. Components may propose methods other than the traditional rate per direct labor hour for recovering the full cost of operations. Any alternative pricing methods must be fully documented and justified in the Components Budget Estimate Submission. Any new method must demonstrate that all operating costs are still recovered, provide a comparison of the current method to the method proposed, show the impact to customer funding requirements, and provide a timeline for implementation. Any change in rate structure must be approved in advance by the USD Comptroller and documented in the appropriate activity groups Program Budget Decision.

E. Budget Formulation Rates and Prices. Rates will be established in a multiple step process as described below:

1. Each Service or DoD Component managing a activity group should carefully review all projected costs for all operations projected for the fiscal year, and propose the most cost-efficient operation possible.

2. Customer requirements must be projected to include all anticipated work load programmed for accomplishment during the budget year based on identified outputs such as direct labor hours by product, tons shipped, line items received, and all other approved output measures for each activity group.

3. Adjustments required to conform to OSD and OMB guidance on the impact of inflation, projected pay changes, and other programmatic and policy changes will also be included by Components in developing proposed rates.

4. DoD Components will propose costs, program levels, and rate changes by activity group in their budget estimate submissions. Components may propose that customer unique, non-labor direct costs be excluded from the stabilized rates charged to customers. These costs would instead be charged on an actual cost reimbursable basis. Components should show the impact the change in rates structure would have on overall stabilized rates. Final approval of any rate structure proposal will be made by the OUSD(C) P/B in the budget process.

5. Final approved costs, program levels, and rate changes will be established by Program Budget Decision documents, after adjustments required to balance changes to the customer account program levels with anticipated Fund costs, inter-Fund sales and transactions, and adjustments for NOR in order to bring Accumulated Operating Result to zero for the Budget Year for each activity group. Exceptions to this policy are found in paragraph 090103H.

090105 Preparation of Materials

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 9 provides additional specific guidance with regard to the back-up material required for the Fund and other unit cost budget areas.

090106 References

Chapter 1 provides funding policies to be adhered to include those that impact other appropriations and accounts. Chapter 2 provides guidance related to Military Personnel costs. Chapter 3 provides guidance related to Operation and Maintenance costs and Chapter 8 provides guidance related to Real Property Maintenance and Minor Construction.

0902 BUDGET FORMULATION

090201 Purpose

This section provides guidance for preparation and submission of fall budget and execution review estimates for the Defense Working Capital Funds (DWCF)

090202 General

A. Copies. Numbers of copies of the required materials to be submitted with the annual budget estimates are identified in Chapter 1. *Electronic version of individual activity group budgets will be available for download from your web site plus a copy made available to the OUSD(C) Program and Financial Control Directorate. Any additional copies required will be included in the Budget Call.* An execution review will be conducted when approved by DoD(C).

B. Classification. The DWCF justification books prepared by the Components are to be unclassified. Any classified exhibits will be submitted under separate cover.

C. Formats. Exhibits will be submitted on 8-1/2 x 11 inch paper, with 3 holes punched along the 11-inch side. Minor variations in format to facilitate automation must be approved by OUSD(Comptroller) prior to September 1. Provide written request for variations to the Director for Revolving Funds no later than August 1. The response to the request will be forthcoming within 10 working days.

D. Automated Requirements. Consistent with the guidance contained in paragraph 010505, the DWCF budget estimates will be entered into the Budget Review System (BRS). BRS entries are in obligations.

1. DWCF Operating Budgets will be entered into the BRS as new obligations. However, the hard copy submission should reflect costs with a correlation provided of the relationship between obligations and cost.

2. DWCF Capital Budgets will be entered into the BRS as obligations regardless of program year. Do not enter into the BRS the program year totals. However, the hard copy submission should reflect the full costs of the project or item with Exhibit Fund-9c providing the correlation between the program and obligations.

3. Enter estimates of civilian full-time equivalents (FTEs) for civilian personnel data and military end strength for military personnel data.

4. During the budget review, the alternative estimate contained within Program Budget Decisions will be expressed as obligations, FTEs for civilian personnel, and end strength for military personnel, and will adjust the BRS. Program Budget Decisions will also, based on the proper correlation provided by the Components, contain compatible cost adjustment summaries to be used for rate and price adjustments and for adjusting financial statements used for budget justification.

090203 Supply Management Activity Groups

A. The methodology formerly contained in DoD Instruction 4140.24, "Requirements Priority and Asset Application for Secondary Items," will be used to develop budgetary requirements until updated. Stratification products will be submitted on a routine basis. A copy of the transition from the stratification to the budget will be provided for each wholesale division.

B. The following statements/tables/exhibits are prescribed for the supply management activity groups of the Fund.

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
SM-1	Supply Management Summary by Division	yes	yes	yes	yes
SM-2	General Narrative Justification by Division	yes	no	no	yes
SM-3a	Operating Budget	yes	no	no	no
SM-3b	Operating Requirement by Weapons System by Division	yes	yes	yes	no
SM-3c	Mobilization by Division	yes	no	no	no
SM-4	Inventory Status	yes	yes	yes	no
SM-5a	Surcharge Computation	yes	*yes*	no	no
SM-5b	Customer Price Change	yes	yes	yes	no
SM-6	*War Reserve Material*	*yes*	*no*	*yes*	*no*
SM-8	Collections/Disbursements	*no*	yes	no	no
SM-10	Commodity Summary	yes	no	no	no
SM-16	Total Cost Per Out Summary	yes	no	no	no
Fund-1	Summary of Price, Program, & Other Changes	yes	yes	no	no
Fund-1a	Details of Price, Program, & Other Changes	yes	no	no	no
Fund-9a	Capital Investment Summary	yes	no	yes	no
Fund-9b	Capital Investment Justification	yes	no	yes	no
Fund-9c	Capital Investment & Financing Summary	yes	yes	no	no
Fund-9d	Capital Budget Execution	yes	no	yes	no

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
Fund-11	Source of Revenue	yes	no	yes	no
Fund-12	Performance & Quality Measures	yes	yes	no	no
Fund-13	Cash Management Plan	yes	yes	no	no
Fund-14	Revenue and Expenses	yes	no	yes	no
Fund-14A	Revenue and Expenses for Supply Management Activity Group	yes	yes	no	no
Fund-15	Fuel Data	yes	yes	yes	no
Fund-19	Military & Civilian Personnel by End Strength & FTEs	yes	no	no	no
Fund-20	Military Personnel End Strength	yes	no	no	no
Fund-21	Civilian Personnel Costs by Activity Group	yes	yes	no	no
Fund-22	Summary of Base Support	yes	no	no	no
Fund-23	Statement of Financial Condition	yes	no	no	no
Fund-25	Headquarters Cost	yes	no	no	no
Fund-26	Revenue and Expense Phasing Plan	yes	yes	no	no
Fund-27	DFAS Customer Funding Summary	yes	no	no	no
Fund-28	Execution Performance Monthly Analysis	no	no	no	yes
Fund-29	Civilian Personnel Execution Performance Quarterly Analysis	no	no	no	yes
OP-32	Operation & Maintenance Budget Activity (Part of the O&M submission, Chapter 3)	yes	no	no	no
R-32	RDT&E Appropriation Budget Budget Activity (Part of the RDT&E submission, Chapter 5)	yes	no	no	no
P-32	Procurement Appropriation Budget Activity (Part of the Procurement submission, Chapter 4)	yes	no	no	no

C. Definition of Terms Used in Supply Management Activity groups

Acquisition Lead Time. The interval in months between the initiation of procurement action and the receipt into the supply system of the production model (excludes prototypes) purchased as the result of such actions. Acquisition Lead Time is composed of two elements, production lead time and administrative lead time.

Administrative Lead-Time. That portion of the procurement lead-time that begins with the identification of the need to buy and the awarding of the contract.

Allocation. Under the appropriations act, direct funds may be appropriated to the DWCF; therefore, obligations may be made against DWCF to procure war reserve material inventory. Obligation authority for Mobilization purposes should be separately identified in annual funding documents. Obligations shall be separately accounted for and reported as mobilization and operating.

Beginning of Period (BOP, BP). The start of a specified fiscal year normally on October 1 used to determine the opening "snapshot" status of resources.

Capitalized Inventory.
On-hand and on-order inventories of supplies funded by other appropriations and funds are considered as contributed capital as of the date when management responsibility for the items is undertaken.

Capitalization. The process whereby the Fund assumes management responsibility and ownership without reimbursement for inventories financed from other DoD appropriations or funds.

Commitment. A firm administrative reservation of funds, based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The recording of a commitment reserves funds for future obligations.

Contingency Retention Stock. That portion of the quantity of an item excess to the Approved Acquisition Objective and for which there is no predictable demand or quantifiable requirement and which normally would be allocated as potential reutilization stock, except for a determination that the quantity will be retained for possible contingencies.

Cost of Goods Sold (COGS). COGS represents the latest acquisition price or the latest repair price of the items sold at the standard or exchange price respectively. This matches the sales revenue in one period with the transactions affecting costs, which may have occurred in several previous periods. COGS is not affected by surcharge rates, obligations for replenishment, or net outlays. COGS is the essential baseline to establish prices.

Decapitalization. The transfer of Fund inventories to other appropriations or funds without reimbursement.

Demands. An indication of a requirement (requisition, request, issue, repairable generation, etc.) for issue of serviceable material. Demands are categorized as either recurring or nonrecurring and are also referred to as orders. Demands for repairable items should indicate whether or not a carcass will be returned.

Direct Appropriations. Amounts appropriated by the Congress to the Fund for war reserve material, Defense Commissary Agency, or other purposes.

Economic Retention Stock. That portion of the quantity of an item greater than the Approved Acquisition Objective determined to be more economical to retain for future peacetime issue than to dispose and satisfy projected future requirements through procurement or repair. To warrant economic retention, items must have a reasonably predictable demand rate.

End of Period (EOP, EP). The last day of a specified fiscal year normally on September 30 used to determine the closing status of resources.

Exchange Price. This is the price charged to customers exchanging a repairable item (DLR) for a serviceable one (new or repaired). Equates to the latest repair price plus wash out costs per item plus the surcharges necessary to recover other *operating* costs in the supply management activity group.

Expendable Supplies and Material. Supplies which are consumed in use, such as paint, fuel, cleaning, preserving materials, surgical dressing, drugs, and medicines, etc., or which lose their identity in use, such as spare parts, etc. They are sometimes referred to as consumable supplies and material.

Initial Spare and Repair Parts. Those spares and repair parts introduced through the provisioning process to sustain material systems programmed operations until requirements are forecast based on actual demands (i.e., replenishment).

Insurance Item. A non-demand-based stocked essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced or a loss occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement would seriously hamper the operational capability of a weapon system.

Inventory (Supply). An aggregation of material (supplies, equipment or end items) which are maintained for the primary purpose of issue to replace a failed, lost, or consumed item, or to provide initial stockage or stock replenishment to supported or supporting units or activities.

- Consumer Level of Inventory: An inventory, usually of limited range and depth, held only by the final element in an established supply distribution system for the sole purpose of internal consumption. Inventory at the consumer level is normally no longer considered Fund inventory.

- Intermediate Level of Inventory: An inventory between the wholesale and consumer levels, regardless of funding source.

- Wholesale Level of Inventory: Inventory, regardless of funding sources, over which the inventory manager at the inventory control point level has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities.

Inventory Cost Categories

- Operating Costs, other than initial purchase of war reserve material, consist of orders placed, contracts awarded, and similar transactions which legally encumber the government to a specified future outlay of funds.

- Mobilization Costs cover fiscal year New Budget Authority to procure items with funds provided specifically for war reserve stocks. These quantities of material are required to support approved force mobilization objectives. The approved force mobilization objective is the quantity required, in addition to peacetime assets normally available on any given date, to equip and support the approved force structure in accordance with current Defense Guidance.

Numeric Retention Stock. Formerly, the quantity of an item in excess of all identified requirement objectives but for which disposal is currently infeasible or uneconomical or for which a management decision has been made to retain stock in the supply system. This category of stock is no longer valid.

Latest Acquisition Cost (LAC)). The price paid for each item the last time it was purchased from a supplier (latest invoice price), unless the last purchase is not a representative purchase. Can be based on an earlier buy if the latest purchase is considered non-representative. Does not include any surcharges or inflation factors.

Numeric Stockage Objective (NSO) Item. A non-demand-based, stocked, essential item for which, although failure may be predicted, the probability of demand is so low that it does not meet the stockage criteria at a given activity and, as a demand-based item, would not be stocked. Since the lack of a replacement item would

seriously hamper the operational capability of a weapon or weapon systems, the item is therefore stocked; but as non-demand-based. Also included in this category are:

• Items needed to support particular programs of a nonrecurring or sporadic nature (e.g., set assembly, non-repetitive overhaul programs) where re-procurement is not required once the particular program has been completed.

• Items that are procured on a life-of-type basis or which are "bought out" at the termination of a production program.

• Items that are not fully consumed during a one-time or non-repetitive program but which should be retained for possible future need on a similar program.

Other War Reserve Material Requirements. The total war reserve material requirement less the sum of the pre-positioned war reserve requirements.

Outlays. Checks issued or other payments made by the government for goods and services received. Gross outlays are equal to the cumulative amount of disbursements made for the fiscal period to date. Net outlays are equal to gross outlays less the cumulative amount of collections received for the fiscal period to date.

Peacetime Operating Level of Supply. The quantities of material required to sustain operations in the interval between requisitions and the arrival of successive shipments. These quantities should be based on the established replenishment period (monthly, quarterly, etc.).

Pre-positioned War Reserve Material Requirement (PWRMR). That portion of the war reserve stocks required to be on hand on M-Day which approved Defense Guidance dictates be reserved and/or positioned at or near the point of planned use or issued to the user prior to hostilities, to reduce reaction time and to assure timely support of a specific force/project until replenishment can be effected.

Price Stabilization. The policy through which the standard price of each cataloged item shall remain constant throughout each fiscal year except for correction of errors.

Production Lead Time. The time interval between the letting of a contract or the placing of an order and the first significant receipt into the supply system of material purchased as a result of such action.

Provisioning Item. Spares and repair parts required as both demand and non-demand-based levels in the supply system to support new fielding of end items.

Provisioning Item (Outfitting). That portion of Provisioning consisting of items for which a sale is anticipated to an appropriated outfitting (buy-out) account.

Reclassification. The transfer of assets between inventory strata.

Repair Cycle Level. The quantity of repairable items required to sustain operations during the repair cycle that commences when a maintenance replacement takes place and ends when the unserviceable asset is returned to stock in a serviceable condition. This includes such stages as removed, awaiting shipment, in transit, in pre-repair screening, in process of repair, and being returned to serviceable stock. Any extraordinary awaiting-parts delays and any intentional extended-transit, storage, or repair-process delays should be excluded from the repair cycle.

Repairable Item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

Requisitioning Objective. The maximum quantities of material to be maintained on hand and on order to sustain current operations and core war reserve. It will consist of the sum of stocks represented by the operating level, safety level, and the order and shipping time or procurement time, as appropriate.

Retail Inventory. Supplies/material held below the wholesale level (e.g., the intermediate and consumer levels of inventory).

Replenishment Spare and Repair Parts. Those spare and repair parts required to re-supply or increase initial stockage of reparable or consumable parts in support of fielded items.

Safety Level of Supply. The quantity of material required to be on hand to permit continuous operations in the event of minor interruption of normal replenishment or unpredictable fluctuations in demand.

Standard Price. The price customers are charged which, for DoD ICP managed item (excluding subsistence), remains constant throughout a fiscal year except for the correction of significant errors. The standard price is computed based on various factors which include the latest acquisition cost of the item plus surcharges to recover costs for transportation; inventory loss, obsolescence and maintenance; depreciation; and supply operations. Customers are ultimately charged exchange price for DLRs unless the carcass is not returned. If the carcass is not returned, the customer is charged the full standard price.

Stockage Objective. The maximum authorized quantity of material on hand to sustain current operations. It consists of the sum of stock represented by the operating level, the safety level, the repair cycle level, and authorized additive levels.

Stratification Process. A uniform portrayal of requirements and asset application that is a computer-generated simulation of actions causing changes in the supply position, e.g., procurement, repair, receipt, issue, terminations, and disposal of material.

Surcharge. Factors added to the latest acquisition cost or repair cost price of an item to arrive at the customer's standard or exchange price. Surcharges will include:
(1) transportation, for such costs as deliveries from production site to points of use or storage; (2) inventory obsolescence and loss, for the costs of pilferage, damage, deterioration, physical inventory shortages and excess; (3) inventory maintenance; (4) supply operations support costs; (5) inventory augmentation; (6) depreciation; and (7) DLR carcass attrition costs, if applicable.

Unfunded Requirement. The difference between the spare and/or repair parts requirement computed in accordance with DoD Policy (such as, DoDI 4110.24, DoDI 4140.39, and DoDI 4140.24) and the amount of that requirement that is funded.

Unobligated Commitments. Amount of commitments incurred this fiscal year to date which have not resulted in obligation at the end of the report period.

War Reserves. War reserves are stocks of material amassed in peacetime to meet the increase in military requirements forecasts contingent on an outbreak of war. War reserves are intended to provide the interim support essential to sustain operations until re-supply can be effected.

D. Budget Submission Formats are provided in Section 0904.

090204 Non-Supply Activity Groups

A. The following statements/tables/exhibits are prescribed for the remaining activity groups of the Fund other than Supply Management. Exhibits Fund-7a and Fund-7b are to be included for all activity groups that use direct labor hours in their rate computation. Exhibit Fund-8b is to be included only for the Transportation activity groups.

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
SM-8	Collections/Disbursements	*no*	yes	no	no
Fund-1	Summary of Price, Program, and Other Changes	yes	yes	no	no
Fund-1a	Details of Price, Program, and Other Changes	yes	no	no	no
Fund-2	Changes in Cost of Operations	yes	no	yes	no
Fund-3	Labor Cost Breakdown	yes	no	no	no
Fund-4	Summary of General & Administrative Costs	yes	no	no	no
Fund-5	Total Cost Per Output Summary	yes	yes	no	no
Fund-7a	Summary of Source of Revenue	yes	*yes*	*no*	no
Fund-7b	Customer Rate Computations	yes	no	no	no
Fund-8a	Appropriation Request Summary	yes	no	no	no
Fund-8b	Air Mobility Command	yes	no	no	no
Fund-9a	Capital Investment Summary	yes	no	yes	no
Fund-9b	Capital Investment Justification	yes	no	yes	no
Fund-9c	Capital Investment & Financing Summary	yes	yes	no	no
Fund-9d	Capital Budget Execution	yes	no	yes	no
Fund-10	Price Changes	yes	no	no	no
Fund-11	Source of Revenue	yes	no	yes	no
Fund-12	Performance & Quality Measures	yes	no	no	no
Fund-13	Cash Management Plan	yes	yes	no	no

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
Fund-14	Revenue and Expenses	yes	no	yes	no
Fund-15	Fuel Data	yes	no	no	no
Fund-16	Material Inventory Data	yes	no	yes	no
Fund-17	Summary of Real Property Maintenance	yes	no	no	no
Fund-18	Fund Summary by Component	yes	no	no	no
Fund-19	Military & Civilian Personnel by End Strength and FTEs	yes	no	no	no
Fund-20	Military Personnel End Strength	yes	no	no	no
Fund-21	Civilian Personnel Costs by Activity Group	yes	yes	no	no
Fund-22	Summary of Base Support	yes	no	no	no
Fund-23	Statement of Financial Condition	yes	no	no	no
Fund-24	Summary of Personnel Data	yes	no	no	no
Fund-25	Headquarters Cost	yes	no	no	no
Fund-26	Revenue and Expense Phasing Plan	yes	yes	no	no
Fund-27	DFAS Customer Funding Summary	yes	no	no	no
Fund-28	Execution Performance Monthly Analysis	no	no	no	yes
Fund-29	Civilian Personnel Execution Performance Quarterly Analysis	no	no	no	yes
Fund-30	*Unutilized/Underutilized Plant Capacity*	*yes*	*yes*	*no*	*no*
OP-32	Operation & Maintenance Budget Activity Chapter 3)	yes	no	no	no
R-32	RDT&E Appropriation Budget Budget Activity (Chapter 5)	yes	no	no	no
P-32	Procurement Appropriation Budget Activity (Chapter 4)	yes	no	no	no

B. Definitions Used in Non-Supply Activity groups

Maintenance Depot. Industrial facilities of the Defense Business Operations Fund including; Army and Marine Corps Multiple Commodity Maintenance Depots, Ordnance Depots, Arsenals, Navy and Air Force Aviation Depots, Shipyards, and DLA Industrial Plant Equipment Repair Sites.

Direct Labor Hour Rate. The fully burdened cost per direct labor hour used as the initial basis for establishing stabilized rates The direct labor hour rate is computed by dividing the sum of all labor, non-labor, and material direct, indirect, general and administrative expenses projected to be incurred by the depot (or other activity group) during the fiscal year, by the total number of direct labor hours (or other outputs) anticipated to be accomplished during the fiscal year.

Direct Labor Hour (DLH). DLHs, sometimes referred to as Direct Product Standard Hours, are the number of hours required to perform the direct work on a product, or to perform a billable service for customers. Direct labor hours generally include the hands-on maintenance, repair, overhaul, test, and related direct production effort that follows the established sequence and content of work necessary to accomplish the billable job. Direct Labor Hours do not include the support work or man-hours identified as either indirect or general and administrative in nature. DLHs are estimated for budget purposes, by product or service, based on industrial or management engineering standards developed using time, method, and motion studies, historical usage averages, or professional estimating and evaluation (E&E) techniques.

Fixed Price Catalogs. Depot Maintenance activity groups may maintain a catalog of products and services (major end items, components, depot level repairables, modification kits, etc.) with their associated rework, repair, overhaul, installation, etc., based on the Standard Depot Level Maintenance (SDLM) or Planned Depot Maintenance (PDM), work package Direct Labor Hours (DLHs). The DLHs associated with the product or service multiplied by the stabilized composite rate for a fiscal year constitutes the firm fixed price for the catalog item. Catalogs may be maintained in hard copy or in electronic data bases accessible to customers.

Total Cost of Goods Sold. Refers to the total costs incurred in the operating budget of the activity group associated with the revenue planned to be recognized for the budgeted fiscal year.

C. Component Estimates of Rates. Each Activity group will include proposed new customer order rates for each budget year in accordance with paragraph 090104. The rates will be established during the budget review process and will remain stabilized through the execution year.

1. Total direct labor hours (DLHs) required to accomplish the budget year's work program will be identified by the Component in their OSD/OMB submission. The work program is the total number of DLHs planned to be executed in support of known and projected customer requirements during execution of the budget.

2. Total costs estimated to be incurred in execution of this work load will also be projected. This process should include application of general inflation, pay raise, and other inflation or DoD(C)-directed price adjustments, as specified in the DoD(C) budget formulation Budget Call. The sum of all these costs (including supplies, materials, pay, depreciation, and other charges, etc.) is the estimate of the total cost of goods sold.

3. Customer requirements must be projected and separately identified to include: current (on hand) unfilled customers orders expected to be executed during the budget year (carry-in or backlog), and work in process that will be completed; new orders anticipated to be accepted and executed during the budget year; and orders anticipated to be accepted but will not be executed during the year (anticipated carry-over).

4. Work load mix, availabilities, and production schedules must be assessed, along with any other factors that may impact program outputs such as policy changes, productivity initiatives, planned work load competitions, plant capacity, and other factors. Based on this analysis the total anticipated work load both by major work load category (or product), and the associated Direct Labor Hours needed to accomplish this work during the program year will be identified and reported.

5. Total costs required to execute the planned program to produce the outputs in the approved execution program will be identified and reported in budget exhibits, with significant changes from the prior year highlighted in the Exhibit Fund-2, Changes in the Costs of Operations.

6. To determine program financing requirements and initial rates, the estimate of the total cost of goods sold will be divided by the programmed output (total Direct Labor Hours), to identify an initial cost per direct labor hour.

7. The number of DLHs associated with carry-in work load (unfilled customer orders on hand at the start of the year), times the prior year stabilized rate (rate in effect when the carry-in orders were accepted) will be identified. Since this work load is already financed, its DLHs and associated dollars will be subtracted from the FY total DLHs and Cost identified in step 5 above.

8. The orders anticipated to be accepted but not recognized as revenue during the fiscal year (the carry-over) will be identified in the same manner as the carry-in orders. The initial cost per direct labor hour for these carry-over DLHs (set in step 5 above) will be inflated in accordance with DoD(C) guidance for the following fiscal year when the work will actually be executed. The value of this additional inflation cost for these carry-over DLHs will be added to the total program base cost identified in step 4.

9. The revised base cost from step 7 above, plus the additional inflation cost for carry-over orders will be divided by the total number of DLHs associated with new program orders planned to be accepted whether scheduled to be worked or carried-over to the next fiscal year (all orders planned for acceptance or execution in the fiscal year program except unfilled customer orders that were carried-in to the fiscal year). The resulting cost per direct labor hour should be used as the basis for the DoD Components' proposed initial rate. The proposed initial rate is adjusted for prior year gains or losses necessary to achieve an end-of-year AOR of zero for the budget year. The end result is a proposed New Customer Order Stabilized Rate.

10. Components may develop, report, and use subsidiary rates (engine rate, airframe rate, missile rate, etc.) as long as these subsidiary rates are rolled into a single composite rate for activity group rate setting.

090205 Submission Requirements

A. All businesses, except Supply Management, operating within the Fund or under Unit Cost will provide a Summary by Component in table form. For part I, each Component will provide a summary *table* for each of its Activity Groups.

Component Activity Group Narrative Analysis - For each activity group, the Component will submit a narrative analysis that, as a minimum, addresses the following areas: a general description of the activity group, its outputs and customers, and significant changes in the nature of the business over the period encompassed by the President's budget submission; an analysis of the budget statements covering revenue and expenses, costs of operation, and the statement of financial condition. The analysis should focus on the changes from year to year and how these changes are related to work load and productivity trends; an analysis of any special business-type schedules requested in the Budget Call letter; and a discussion of work load and manpower trends, productivity initiatives/cost reductions, unit costs, and customer prices incorporated in activity group budgets.

B. Section 090203 listed submission requirements for Supply Management and Section 090204 listed submission requirements for the remaining activity groups.

C. Budget Submission Formats are provided in Section 0904.

D. All DWCF BES budgets will be submitted electronically to the OUSD(C) Directorate for Program and Financial Control. Any additional submission instructions will be provided in the Budget Call Letter.

0903 CONGRESSIONAL JUSTIFICATION/PRESENTATION

090301 Purpose

This chapter provides the policies and procedures to guide the development of budget justification and supporting narrative to be submitted by Components to the OUSD(Comptroller) in development of congressional justification material. The OUSD(Comptroller) will prepare the executive overview. Each Component will prepare a separate volume including their operating and capital budgets for direct submission to the Congress following review and approval by the OUSD(Comptroller). The Defense-wide volume material will be prepared by each Defense Agency and submitted to DoD(C), Revolving Funds Directorate, for review and approval prior to submission to DLA. DLA, with appropriate support from the submitting organization, will assemble the volume containing Defense-wide businesses and supervise its printing and distribution.

090302 Organization of Justification Books

A. Background

1. The OSD/OMB budget review focuses on a set of business-type schedules as a means of evaluating progress towards meeting cost and productivity targets, developing (with Component financial management personnel) unit cost goals by activity group and setting prices for the budget year(s).

2. The Budget Call for budget justification and supporting narrative will request that selected Fund schedules be updated for inclusion in congressional justification material.

3. All data submitted for the President's budget should be consistent with approved costs, work load and productivity assumptions, customer prices, and unit costs. Any deviation from the approved level must be completely justified and coordinated with the appropriate Revolving Fund Directorate activity group analyst.

4. The justification books submitted to Congress are to be unclassified, will be in one volume organized into three sections: Component Overview, Operating Budget, and Capital Budget. *All Congressional Budget Material will be submitted electronically and be available on the Services unclassified Web Site. Defense Working Capital Fund Activity Groups (DLA, DSS, DeCA, etc.) will submit an electronic version of their budget to OUSD(C) Program and Financial Control Directorate.*

5. Justification books should follow the guidance contained in the DoD Financial Management Regulation, volume 2, paragraph 010401 for preparation of budget materials to Congress.

6. Financial exhibits required by Chapter 9 will agree with the Annual Financial Statements required by the Chief Financial Officers Act of 1990. Proposed deviations from data reported on the Annual Financial Statements are to be coordinated with the Revolving Funds analyst responsible for the affected activity group.

B. Component Operating and Capital Budgets

1. Component Overview: This volume summary section and other Component justification will be submitted to Congress during February. The Component summary will consist of individual Component inputs in the following main sections:

a. Component Activity Group Narrative Analysis - For each activity group, the Component will submit a narrative analysis that, as a minimum, addresses the following areas: a general description of the activity group, its outputs and customers, and significant changes in the nature of the business over the period encompassed by the President's budget submission; an analysis of the budget statements covering revenue and expenses, costs of operation, analysis of government equity, and the statement of financial condition. The analysis should focus on the changes from year to year and how these changes are related to work load and productivity trends; an analysis of any special business-type schedules requested in the Budget Call letter; and a discussion of

work load and manpower trends, productivity initiatives/cost reductions, unit costs, and customer prices incorporated in activity group budgets.

b. Budget Statements - The Component will submit summary budget statements requested to support the external budget submission.

c. Special Schedules - For the Supply Management activity groups, the narrative must include a section on work load and economic assumptions. These assumptions must include the following data for the prior, current, and budget fiscal years: items managed (#), requisitions received (¤), receipts (#), issues (#), contracts executed (#), purchase inflation (%), and supply material availability (%).

2. Component Operating Budget: For each activity group, the Component will submit a narrative description that explains the activity group as well as the budget statements indicated in Section 0904.

0904 ACTIVITY GROUP ANALYSIS FORMATS

090401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. These formats should be adhered to unless modified in a submission budget call.

090402 Defense Working Capital Fund Exhibits

SM-1 Supply Management Summary 33
SM-2 Justification by Division 35
SM-3a Operating Budget 38
SM-3b By Weapon System 43
SM-3c By Division 45
SM-4 Inventory Status 47
SM-5a Wholesale Only - Surcharge Calculation 50
SM-5b Customer Price Change 53
SM-6 War Reserve Material 54
SM-8 Collections/Disbursements 56
SM-10 Commodity Summary 58
SM-16 Total Cost per Output Summary 60
Fund-1 Summary of Price and Program Changes - Costs 61
Fund-1a Details of Price and Program Changes - Costs 63
Fund-2 Changes in the Costs of Operation 70
Fund-3 Labor Cost Breakdown 72
Fund-4 Summary of General and Administrative Costs 74
Fund-5 Total Cost Per Output Summary 75
Fund-5a Total Cost Per Output Summary 76
Fund-7a Summary of Sources of Revenue 77
Fund-7b Customer Rate Computations 79
Fund-8b Air Mobility Command Common User Services 81
Fund 9a Activity group Capital Investment Summary (Page 1 of 4) 83
Fund-9b Activity group Capital Purchase Justification 87
Fund-9c Capital Investment and Financing Summary 90
Fund-9d Capital Budget Execution 91
Fund-10 Price Changes 92
Fund-11 Source of New Orders & Revenue 93
Fund-12 Performance & Quality Measures 95
Fund-13 Cash Management Plan 96
Fund-14 Revenue and Expenses 97
Fund 14A Operating Results Worksheet 100
Fund-15 Fuel Data 103
Fund-16 Material Inventory Data 105
Fund-17 Summary of Real Property Maintenance 106
Fund-18 Fund Summary 107
Fund-19 Military and Civilian Personnel by End Strength and FTEs 108
Fund-20 Military Personnel, Work Years by Grade (Active) 110
Fund-21 Civilian Personnel Costs by Activity group 111
Fund-22 Summary of Base Support 114
Fund-23 Statement of Financial Condition 115
Fund-24 Summary of Personnel Data 117
Fund-25 Headquarters Cost 119
Fund-26 Revenue and Expense Phasing Plan 120
Fund-27 DFAS Customer Funding Summary 121
Fund-28 Execution Performance Quarterly Analysis 122
Fund-29 Civilian Personnel Execution Performance Quarterly Analysis 123
Fund 30 – Underutilized Plant Capacity 124

FY ____ BUDGET
_____ SUPPLY MANAGEMENT BY DIVISION

(DoD Component)

(Dollars in Millions)

				Obligation Targets					
Division	**Peacetime Inventory**	**Net Customer Orders**	**Net Sales**	**Operating**	**Mobilization**	**Other**	**Total**	**Commitment Target**	**Target Total**

Exhibit SM-1 Supply Management Summary

INSTRUCTIONS FOR PREPARATION OF
SUPPLY MANAGEMENT SUMMARY (EXHIBIT SM-1)

The purpose of the SM-1, Supply Management Summary by Division, is to provide summary justification for the Service or Defense Agency request. Instructions for preparation of SM-1 and SM-1a follow:

1. Prepare the SM-1 for each year being reviewed.

2. Dollars in millions and tenths of a million.

3. Both approved and proposed should be shown if they differ.

4. Peacetime Inventory will reflect the numbers shown on SM-2, line 6C.

5. Net Customer Orders will reflect the numbers shown on SM-2, line 2B.

6. Net Sales will reflect the numbers shown on SM-2, line 1.

7. Obligation Targets will reflect the targets shown on SM-2, lines 3A, 3B, 3C, 3D, and 3E. An obligation target total *(excludes capital obligations)* will be shown and be equal to line 3F of the SM-2. Only obligations will be shown on this form. Any other cost data, such as depreciation, will not be shown on this form.

8. Other Obligation Target includes appropriated dollars for any purpose other than mobilization.

9. Commitment Targets will reflect the numbers shown on SM-2, line 4.

10. Target Total will reflect the numbers shown on SM-2, line 5.

FY ____ _____ Budget (DoD Component) SUPPLY MANAGEMENT Justification by Division	DIVISION				DATE	
	FY___	FY___	FY___	FY___	FY___	FY___
1. NET SALES						
2. CUSTOMER ORDERS						
a. GROSS CUSTOMER ORDERS						
b. NET CUSTOMER ORDERS						
3. OBLIGATION TARGETS						
a. OPERATING (except repair of DLRs)						
b. REPAIR OF DLRs						
c. PROVISIONING/INITIAL SPARES						
d. MOBILIZATION						
e. OTHER						
4. COMMITMENT TARGET						
5. TOTAL AUTHORITY						
6. PEACETIME INVENTORY						
a. OPERATING INVENTORY EOP						
b. OTHER INVENTORY EOP						
c. SUBTOTAL PEACETIME INVENTORY						
7. MOBILIZATION INVENTORY EOP						
8. TOTAL INVENTORY EOP						
9. GENERAL DESCRIPTION						
10. NUMBER OF ITEMS MANAGED						
11. MEASURE OF EFFECTIVENESS						
12. OPERATING TEMPO (Flying hours by aircraft type, steaming days, etc.)						
13. NARRATIVE EXPLANATION						

Exhibit SM-2 Justification by Division

INSTRUCTIONS FOR PREPARATION OF
GENERAL NARRATIVE JUSTIFICATION (EXHIBIT SM-2)

The purpose of the General Narrative Justification, SM-2 is to provide the basic justification for the budget request. Instructions for preparation of SM-2, General Narrative Justification follows:

1. Prepare a SM-2 for each supply management material division except for the Defense Logistics Agency and the Army, which may submit a consolidated statement for the retail divisions for the President's budget and the apportionment and midyear review. No summary SM-2 is required. A SM-2 is not required for a supply operations division.

2. Dollars in millions and tenths of a million except the Air Force Academy Division exhibits will be prepared in thousands.

3. For Net Sales use reimbursable issues minus stock fund credits and allowances (line 1). Amount entered will agree with the amount entered on SM-1.

4. For Gross Customer Orders (Demands) use gross sales (reimbursable issues) plus or minus the change (from the prior year) in unfilled orders (line 2A). An unfilled order is an unsatisfied requisition, which upon issue of the material will become a sale. For Net Customers Orders (line 2B) subtract credits and allowances.

5. Obligation Targets will be divided into Operating less Repair of DLRs (line 3A), Repair of DLRs (line 3B), Provisioning (line 3C), Mobilization (War Reserves) (line 3D), and Other (line 3E). Other obligations include appropriated dollars for any purpose other than mobilization. These categories may be subdivided if approved by OSD. The total requested by division will reflect the total obligations shown on the Program and Financing Statement for the OSD/OMB Review and the President's budget *for Operating Budget.* See definitions of terms Section 090203, Supply Management Activity groups, for description of categories.

6. Commitment Targets will provide an administrative reservation of authority which when approved authorizes the supply management activity group to incur additional obligations on a dollar-for-dollar basis if customer orders (demands) increase without the requirement for a revised apportionment and reapportionment request. Commitment targets will also provide for normal unobligated end-of-year commitments (line 4).

7. Total Authority (line 5) is the total of obligations (line 3F) and commitment target (line 4).

8. Operating Inventory EOP (End Of Period) is the total applicable peacetime on hand and in transit inventory at standard price (include any provisioning inventory on hand or in transit) (line 6C). Peacetime inventory EOP (End Of Period) is the total Operating Inventory (line 6A) and Other Inventory (line 6B). Mobilization Inventory is shown on line 7. Total Inventory is line 6C plus line 7.

9. General Description (item 9) is a short narrative describing what the supply management division covers and supports.

10. Number of Items Managed (item 10) should provide quantitative data and narrative explanation of major changes.

11. Measures of Effectiveness (item 11) should provide quantitative data and narrative explanation of major changes in measures of supply effectiveness. The following measures of effectiveness will be used:

Percent stock availability (fill rate)--The number of units requisitioned that are immediately available expressed as a percent of the total units demanded for the period. This percent should be shown for both the wholesale and the retail level of supply.

Requisition delay time--The length of time between the date a supplier receives a requisition for an item and the date he ships the item. This should be expressed as a number of days for all stock funded items.

Mission capable rate supply--The number of weapon systems either fully or partially mission capable because of a stock funded item expressed as a percent of the total number of weapon systems. This measure should be shown for each major weapon system.

Quality Deficiency Reports (QDRs)--This measures the percentage of discrepancies in customer receipts in comparison to total item issuances by the ICP (in response to customer requisitions). It is a measure of customer satisfaction.

QDR Processing Time--This measures the time interval from ICP receipt of QDR to the issuance of corrective action. It is a measure of timeliness and customer satisfaction.

12. Operating Tempo Assumptions (item 12) should provide quantitative data such as flying hours (by aircraft type), steaming days, programmed overhauls, training days, etc., which may impact the supply management division's requirements.

13. Narrative Explanation (item 13) should cover an explanation of major changes between fiscal years as well as in the relationship between sales, orders (demands), and obligations.

FY ____ (DoD Component) **BUDGET** **SUPPLY MANAGEMENT** **Operating Budget**	**DIVISION**			**DATE**	
	(Dollars in Millions)				
	FY____	**FY____**	**FY____**	**FY____**	**FY____**
A. INVENTORY REQUIREMENT (Standard Price)					
1. Operating Requirement					
a. New Customer Orders (Net)					
b. Unfilled Orders (BOP)					
c. Operating Objectives					
d. Other, including Provisioning (List)					
e. Total					
2. Mobilization					
3. Other					
4. Total Inventory Requirements					
B. APPLICABLE RESOURCES (Standard Price)					
1. ON HAND BOP					
2. CHANGES DURING PERIOD					
3. ON ORDER BOP					
4. TOTAL APPLICABLE RESOURCES					
C. REQUIREMENT (Standard price)					
1. TOTAL REQUIREMENT (Standard price)					
2. SURCHARGES (-)					
D. FUNDING REQUIREMENT (At Cost)					
1. FUNDING REQUIREMENT AT COST					
2. TRANSPORTATION COST (+)					
3. REPAIR COST (+)					
4. OTHER (List)					
5. TOTAL FUNDING REQUIREMENT					
6. UNFUNDED OPERATING REQUIREMENT					
7. UNFUNDED MOBILIZATION PROTECTABLE					
8. UNFUNDED PROVISIONING & OTHER PROTECTABLE					

Exhibit SM-3a Operating Budget
Page 1 of 5

FY ____ (DoD Component) **BUDGET**	**DIVISION**			**DATE**	
SUPPLY MANAGEMENT **Operating Budget** (Continued)	**(Dollars in Millions)**				
	FY____	**FY____**	**FY____**	**FY____**	**FY____**
E. COMMITMENT TARGET (At Cost)					
F. OBLIGATION TARGET (At Cost)					
1. OPERATING (Includes DLR repair)					
2. PROVISIONING					
3. OTHER					
4. MOBILIZATION					
5. TOTAL					
G. BASIS OF OPERATING OBJECTIVES (Standard Price)					
1. SAFETY LEVEL	dollars				
	days				
2. ADMINISTRATIVE LEADTIME	dollars				
	days				
3. PRODUCTION LEADTIME	dollars				
	days				
4. PROCUREMENT CYCLE	dollars				
	days				
5. OPERATING LEVEL	dollars				
	days				
6. REPAIR CYCLE	dollars				
	days				
7. OTHER OBJECTIVES (List)	dollars				
	days				
8 TOTAL OPERATING OBJECTIVES					

H. NARRATIVE EXPLANATION (Indicate item number to which explanation applies. If more space is needed, attach additional pages.)

INSTRUCTIONS FOR PREPARATION OF
OPERATING BUDGET REQUIREMENTS (EXHIBIT SM-3a)

The purpose of the SM-3a, Operating Budget Requirements is to provide backup information to support the obligations. Instructions for preparation of the SM-3a:

1. Prepare an SM-3a for each supply management material division except for the Defense Logistics Agency and the Army, which may submit a consolidated statement for the retail divisions. An SM-3a is not required for a supply cost of operations division. For the requested columns for the current year, display estimated actuals. For budget year and budget year plus one display revised request.

2. Dollars in millions and tenths of a million except the Air Force Academy Division exhibits will be prepared in thousands.

3. See Section 090203, Supply Management, for definitions of inventory categories.

4. Operating Requirements (line A1E) should include the total requirements for new customer orders (demands), unfilled orders at the beginning of the period, operating inventory requirement to replace sales, and others (listed and explained as necessary) at standard price.

5. Mobilization Requirement (line A2) should be the funded requirement as of the end of the period. Show unfunded mobilization requirement on line D7.

6. Total Inventory Requirement (line A4) should be the total of lines A1E, A2, and A3.

7. Applicable Resources should be shown in Section B.

8. Requirement (Standard Price) is shown on line C1. Line C1 is line A4 minus line B4. Line C2 is the surcharges amount included in line C1.

.9. Line D1, Funding Requirement at Cost, is line C1 minus line C2. It includes obligations plus commitments for inventory requirements. Lines D2 through D4 are other obligation requirements for non-inventory requirements. Line D5 is the total obligation requirement (the sum of D1 through D4). Line D6 is any unfunded operating requirement included in D5. (Explain in narrative.) D7 will reflect line 4C on SM-3C. D8 will reflect line 6B on SM-3a.

10. Line F5 is the total obligation target, line D5 minus lines D6 through D8 and E, and will agree with SM-2 (line 3F) total obligation target.

11. Basis of Operating Objectives. (Section G) This section contains an analysis in financial terms of peacetime on-hand and on-order objectives for the end of the past year, current year, and the budget year. Objectives will be based on subsequent fiscal year estimated demands, and will be constructed by element (e.g., safety levels, production lead-time, review cycle, repair cycle, and the like). Column 1 will reflect the actual end-of-period objectives for the past fiscal year.

The purpose of this exhibit is to portray statistically computed supply inventory objectives that will be used to test the reasonableness of the total inventory objectives computed by means of the simulation-of-buy stratification process. Substitute formats may be used provided they present substantially the same information, and provided that prior approval for substitution is obtained from the Director for Revolving Funds, USD(C).

The following is an explanation of specific entries.

a. Safety Level. (Days/Dollars) This entry will reflect the relationship between the dollar value of issues/transfers, and the dollar value of the safety level, to the average number of days of supply contained in the safety level. Requirements for numeric stockage objectives are excluded. Provision is made for more than one echelon of supply by permitting the safety level at the highest echelon to consider, in addition to issues, transfers to lower echelons. This section is applicable to both repairable and consumable items. The narrative should describe significant changes in safety level requirements or average days from one fiscal period to the next period.

b. Lead-time. (Days/Dollars) The requirement to support demands (requiring replacement through acquisition) over the acquisition lead-time period of procurement or order and ship time, depending on the echelon of supply, is included in this entry. No lead-time requirement is to be included for issues replaced through the repair cycle or for issues that will not be replaced. Therefore, these types of issues are subtracted from gross demands in the computation. The narrative should describe significant changes in lead-time requirements or average days from one fiscal period to the next period.

c. Procurement Cycle/Operating Level. (Days/Dollars) The procurement cycle applies to the first echelon of supply. This requirement supports demands from the end of the fiscal year until the next scheduled procurement. For each fiscal year it represents the dollar value of that portion of the procurement cycle which requires funding during that fiscal year. The operating level applies to the second echelon of supply. The operating level requirement support demands during the interval, between arrival of successive replenishment shipments. Only one-half of the dollar value of the operating level requirement is included here since it is assumed that on the average one-half of this requirement would be on order at any given period in time.

No procurement cycle or operating level requirement is to be included for issues replaced through the repair cycle. The narrative should describe significant changes in procurement cycle/operating levels or average days from one fiscal period to the next period.

d. Repair Cycle. (Days/Dollars) This entry will consist of the requirement for material to be on hand at the end of the fiscal year to accomplish repair operations during the repair turnaround period. This will include the time interval required to generate, through returns, sufficient stocks of an item to warrant an economical repair work order (accumulation time), and the time interval between approval of a work order for repair until the item is reclassified as serviceable (repair lead-time). The repair cycle will consist of the time interval between pickup of the unserviceable item on inventory control records and the time when the item is reclassified as serviceable. In those instances where asset visibility has been extended below the wholesale (first) echelon of supply, repair cycle requirements should include the full range of funding needed to support the visible portions of the repair cycle as first echelon requirements. A repair cycle for both a first and second echelon of supply should be described in those cases where the requirements process does not comprehend all repair cycle requirements within the first echelon. The narrative should describe significant changes in repair cycle requirements or average days from one fiscal period to the next period.

e. Other Operating Inventory Objectives. (Days/Dollars) Objectives included here will be limited to those that cannot be properly assigned to any of the objectives identified above. The narrative analysis will include appropriate data to support each objective listed under this classification. This entry excludes requirements/funding for peacetime inventory augmentation or mobilization. The narrative should describe significant changes in other operating inventory objectives from one fiscal period to the next period.

f. Total Operating Inventory Objective. (Days/Dollars) This entry is the sum of total computed on-hand and on-order peacetime operating inventory requirements as of the end of each fiscal period. (Sums of lines G1 through G7.)

12. Narrative. This provides a narrative explanation of significant changes. Also, this narrative provides a presentation of the adjustment required to the basic stratification tables prescribed by DoDI 4140.24 in order to adjust the basic data or to add data not considered. A detailed explanation of operating obligation requirements in excess of orders will be provided. The narrative should describe significant revisions or additions to the stratification tables that provide the basis for budget review and analysis. Individual statements for each budget submission should be prepared for each budget category.

FY___ (DoD Component) **BUDGET SUPPLY MANAGEMENT By Weapon System**	**OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY FY_____ (Dollars in Millions)**				
	Basic Replen	**Outfits**	**Special Programs**	**Basic Rework***	**TOTAL**

INSTRUCTIONS FOR PREPARATION OF
OPERATING REQUIREMENT BY WEAPON SYSTEM (EXHIBIT SM-3B)

The purpose of the SM-3B, Operating Requirement by Weapon System is to provide a breakout of the operating obligation request by type of supply system action (procurement versus repair) and by weapon system or category.

1. For the OSD/OMB budget review, prepare SM-3B for each Service stock fund wholesale division that provides military spare parts. (This excludes fuel, medical/dental, subsistence, etc.). For each division, one Exhibit SM-3B should be prepared for each fiscal year (CY, BY1, and BY2).

2. Definitions.

a. Basic Replenishment consist of the sales replacement spares.

b. Outfits are initial outfittings to support a new weapon system or modification to an existing weapon system. This material is anticipated to be sold to an appropriated outfitting (buy-out) account that finances the lay-in of authorized allowances at the outfitting site.

c. Special Programs are instances where special management action is required, such as a Service initiative responding to abnormally high wear-out rates.

d. Basic Rework is repair obligations for sales replacement.

3. Dollars in millions and tenths of a million. Weapon systems, as defined by the applicable Service, may be aggregated into categories when individual systems are less than $25 million. The Director for Revolving Funds will approve appropriate levels of aggregation. Common parts may be grouped by category such as radios or may be allocated to specific systems such as F-16 aircraft. Obligation authority requests for non-weapon system-related requirements such as reverse engineering and forging & casting must be separately identified.

4. Estimated data may be used and noted as such until accurate systems can be developed to provide accurate data.

5. This form will be prepared at latest acquisition cost or repair cost as appropriate.

FY_____ BUDGET _____ (DoD Component) Date:	MOBILIZATION REQUIREMENT BY DIVISION (Dollars in Millions)					
	CY	BY1	BY2	BY3	BY4	BY5
1. REQUIRED						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
2. ASSETS						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
3. FUNDED DEFICIT						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
4. UNFUNDED DEFICIT						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
5. NARRATIVE						

Exhibit SM-3c By Division

INSTRUCTIONS FOR PREPARATION OF
MOBILIZATION REQUIREMENT (EXHIBIT SM-3C)

The purpose of the SM-3C, Mobilization Requirement is to provide a breakout of the funded and unfunded mobilization requirement.

1. Prepare SM-3C for each supply management division that has a mobilization requirement.

2. Dollars in millions and tenths of a million.

3. Provide for current year through FYDP. Only totals for each category (1 through 4) need be shown for FYDP years.

4. Show all data at cost.

5. See Section 090203, Supply Management, for definition of prepositioned. All other war reserve requirements will be included under sustaining.

6. The unfunded deficit is that portion of the total requirement for which no funds are available. The total requirement will encompass the minimum number of days specified in the Defense Guidance. Explain in narrative any constraints not due to funding.

FY_____ BUDGET	DIVISION			DATE
_____ SUPPLY MANAGEMENT	(Dollars in Millions)			
(DoD Component) INVENTORY STATUS	TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1. INVENTORY BOP				
2. BOP INVENTORY ADJUSTMENTS				
a. RECLASSIFICATION CHANGE (Memo)				
b. PRICE CHANGE AMOUNT (Memo)				
c. INVENTORY RECLASSIFIED AND REPRICED				
3. RECEIPTS AT STANDARD				
4. SALES AT STANDARD				
5. INVENTORY ADJUSTMENTS				
a. CAPITALIZATIONS + or (-)				
b. RETURNS FROM CUSTOMERS FOR CREDIT +				
c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
d. RETURNS TO SUPPLIERS (-)				
e. TRANSFERS TO PROPERTY DISPOSAL (-)				
f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
g. OTHER (LIST/EXPLAIN)				
h. TOTAL ADJUSTMENTS				
6. INVENTORY EOP				
7. INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
a. ECONOMIC RETENTION (Memo)				
b. CONTINGENCY RETENTION (Memo)				
c. POTENTIAL DOD REUTILIZATION (Memo)				
8. INVENTORY ON ORDER EOP (Memo)				
9. NARRATIVE (Explanation of unusual changes)				

Exhibit SM-4 Inventory Status

INVENTORY STATUS (EXHIBIT SM-4)

The purpose of the Inventory Status, SM-4 Exhibit is to show estimated inventory levels that will result from the proposed budgets and operating levels. Prepare SM-4 for each budget submission or review. This report shall be submitted for the prior fiscal year, the current fiscal year to date, the total current year, and the budget year for each supply management division. For each fiscal year, the form will be prepared at standard price. Line 7 will show the ending inventory converted to cost with discounting factors for repair cost and salvage value applied as appropriate. A consolidated summary for the total fund will be prepared for the OSD/OMB Review. The prior fiscal year and the current fiscal year to date exhibits shall reflect in column (1) the amount, at standard price, from supply management general ledgers used in preparation of fiscal and accounting reports. Amounts in columns (2), (3), and (4) may be statistically derived based upon related inventory stratification reports. Instructions for preparation of SM-4 Inventory Status at standard price are as follows:

1. Inventory, BOP at Standard Price. (Beginning of Period) Amounts of inventory on hand and in transit reported must equal amounts reported as of the end of the prior year. If not, explain any difference in a footnote. The Component must have title to all inventory listed here.

2. Inventory, Repriced at New Standard Price. Stratified inventory, valued at new standard price. Memorandum entry for amount due to price change (line 2B) and for change due to reclassification (line 2A) will be shown. Reclassification nets to zero in total column.

3. Receipts. Add the amount of inventory value on which title has passed or will pass to the reporting supply management division during the period of the report. Use standard price.

4. Gross Sales. Material sold to customer during the period of the report at standard price.

5. Inventory Adjustments.

a. Capitalization (Net). Report at standard price the inventory value of material capitalized or decapitalized during the period of the report. Show a net decapitalization with (-) preceding value.

b. Returns from Customers for Credit. Show the cumulative amount of material returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit has been given. Use standard price.

c. Returns from Customers without Credit. Show the cumulative amount of material returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit was not given. Use standard price.

d. Returns to Suppliers. Show as a negative number the cumulative amount of material returned to supplier during the period of the report. Use standard price.

e. Transfers to Property Disposal. Show the net amount of material transferred to/from the Defense Reutilization and Marketing Service (DRMS) on which title has been passed to DRMS. Use standard price.

f. Issues/Receipts without Reimbursement. Show the net cumulative amount of material issued or received without reimbursement during the period of the report. This item could include transfers from other divisions or material categories, etc., as required. Show net issued with (-) preceding value. Use standard price.

g. Other Adjustments. Identify and report the amounts of other adjustments to inventory. Include all other adjustments to inventory such as adjustments to record for physical inventory count and extraordinary losses (fire, weather). Explain with footnotes if necessary. Show (+) or (-) as appropriate. Use standard price.

h. Total. Add 5a through 5g.

6. Inventory EOP. (End of Period) Report the amount of inventory available as of the end of the reporting period. Includes all on hand, in transit, work-in-process, and other stocks on which title is rested in the reporting stock fund division. Use standard price.

7. Inventory EOP at Approved Valuation Method. Convert the inventory at standard price in line 6 to latest acquisition cost. Then apply the discounting factors for repair cost and salvage value as appropriate. Provide breakout of Peacetime Other Inventory (column 4, line 6) value as economic retention, policy retention, potential excess, and other for OSD/OMB review only.

8. Inventory on Order, EOP at Cost. (End of Period) Report the amount of peacetime (operating and other) and mobilization undelivered orders (excluding in transit) for material outstanding at the end of the period.

Supply Management
Wholesale Only - Surcharge Calculation

DIVISIONS/ICP	($M) PY	(% of Sales) PY	($M) CY	(% of Sales) CY	($M) BY1	($ of Sales) BY1	($M) BY2	(% of Sales) BY2
Composite								
1. Sales at LAC/LRC								
2. Surcharge Elements								
a. Supply Ops Obs (May List)								
b. Distribution Depot Obs								
c. DLSC/DAASC/DRMS Obs								
1. Defense Logistics Systems Cntr								
2.Defense Automtd Address Sys Ctr								
3.*Defense Reutilization & Marketing*								
d. DFAS Obs								
e. Depreciation								
f. Material Inflation Adjustment								
g. Loss/Obsolescence Obs								
h. Condemnation Obs								
i. Transportation Obs								
j. Capital Surcharge								
k. AOR Recovery								
l. Other (List)								
m. **Total Surcharge**								

Exhibit SM-5a Wholesale Only - Surcharge Calculation

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-5a
SURCHARGE COMPUTATION

The purpose of the SM-5a, Surcharge Computation Exhibit, is to show the surcharge elements for the wholesale divisions of supply management activity groups. This form will be prepared for each wholesale division. Each Service/Agency will provide a consolidated form for the sum of all wholesale divisions managed by that Service/Agency.

1. Components will provide the estimated surcharge and customer price changes on this form and the SM-5B, Customer Price Change, that will be reflected in the upcoming budget years to OUSD(C) by August 1. OUSD(C) will review these estimates and distribute pricing factors to all Components in seven working days after receipt of these products.

2. On line 1 of the form, enter net sales at cost for that wholesale division. If the division is consumable, the sales at cost should be at latest acquisition cost (LAC). For example, in estimating FY 2000 costs, FY 1998 contract prices plus FY 1999 inflation should be used. If the division is repairable, separate exhibits should be prepared for sales at standard price and sales at exchange price. For the estimated sales at standard price, the net sales reflected should represent sales at LAC. (Note: Since Air Force pricing computation modules can compute only forecast acquisition price, the Air Force must manually compute the difference between latest acquisition cost and forecast acquisition price and provide that computation for review with the rest of the exhibits required. That calculation of latest acquisition cost will be used as sales at cost in the Air Force budget exhibits). For sales at exchange price, the net sales reflected should represent sales at latest repair cost (LRC). For example, in setting FY 2000 prices, FY 1998 repair prices plus approved depot rate changes should be used. The surcharge elements described below should be allocated to sales at standard price or sales at exchange price. There should also be a composite exhibit for repairables that sums both the sales at LAC and LRC and the surcharge elements. For the Current Year (CY) the sales at cost should reflect the number approved in the President's budget for that fiscal year. This is the only form in which President's budget approved numbers are required. All other forms will reflect actual, estimated actual, or new projections as appropriate. For the BY1/BY2 the sales at cost should reflect the Components' best estimate of sales for that fiscal year including the approved inflation for that fiscal year only. On this line do not fill out the percent of sales column. For the composite supply management surcharge, the net sales at cost line will be comprised of a mix of consumable and repairable sales at LRC and LAC based on the estimated standard price and exchange price sales.

3. On line 2A enter obligations for supply operations approved in the President's budget for the CY less other supply operations obligations separately identified such as distribution depots obligations and transportation obligations. For the BY1/BY2 enter the estimated obligations for the budget year less obligations reflected under other categories. For the percent of sales column, divide the dollar amount in each category by the sales at cost in line one for each column. Inflation for each fiscal year should be included in the obligations cited for each surcharge element. At Component discretion, obligations for supply operations may be further broken down and displayed on this form.

4. On line 2B enter obligations to reimburse DLA distribution depots for receipts and issues approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DLA distribution depots for receipts and issues. Work with DLA as you develop your rates to identify the number of receipts and issues and the price DLA plans to charge in estimating the budget year amount. During the budget review these estimates will be adjusted based on the budget decisions.

5. On line 2C enter the sum of obligations to reimburse DLSC, DAASO, and DRMS approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DLSC, DAASO, and DRMS. *List the amounts applicable to each of these organization on lines 2C1, 2C2, and 2C3.* Work with DLA as you develop your rates to determine the amount of funding required to support these activities in the budget year. During the budget review these estimates will be adjusted based on the budget decisions.

6. On line 2D enter obligations to reimburse DFAS for accounting services approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DFAS. Work with DFAS as you develop your rates to identify the obligations required to reimburse DFAS for the budget year. During the budget review these estimates will be adjusted based on the budget decisions.

7. On line 2E enter depreciation expense approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated depreciation expense.

8. On line 2F enter the obligational impact associated with the approved inflation related to material for the PY and CY. For the BY1/BY2 inflation should be calculated based on several factors: (1) actual experience over production lead-time preceding the CY setting of prices; (2) approved inflation over the production lead-time preceding the CY setting of prices; and (3) a combination of these two factors based on an estimation of the gain/loss resulting from the inflation estimate in prior year price setting. Inflation for supply operations and other surcharge elements should be included within the supply operations element listed above.

9. On line 2G enter the obligations required to replace items that have either been lost, pilfered, or have become obsolescent approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with replacing items that have become lost or obsolete. If the carcass return rate is less than 100 percent for repairables, obligations required to replace items should be included in this category.

10. On line 2H, for repairable items only, enter the obligations required to replace items that have attrited through the repair process approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with replacing items that have attrited in the repair process. Attrition for repairable items occurs on items that have been sold at exchange price. Subsequently, the items wash out in the repair process and some must be replaced.

11. On line 2I enter the obligations required for first and second destination transportation of secondary items approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with transportation of secondary items. Obligations for first destination transportation of secondary items should only be included as a surcharge element if not included in the price of the item.

12. On line 2J enter the capital surcharge required to support disbursements for capital investments that will not be covered by depreciation approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated surcharge amount required to support disbursements for capital investments that will not be covered by depreciation.

13. On line 2L enter the amount added to prices to adjust for prior year gains/losses approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated surcharge amount required to adjust prices for prior year gains/losses. This estimate for the BY1/BY2 must be based on actual PY results and revised CY estimates in the President's budget.

14. This form is not intended to limit the Component in the display of surcharge elements. The Other (List) category permits the Component to display other costs as required.

15. On line 2M sum up line 2A through 2L across the columns.

Note: 1/ Exclude direct reimbursable costs such as tenant base support. Identify the amount excluded by footnote on this form.

SUPPLY MANAGEMENT
Wholesale Only
Customer Price Change

	CY	BY1	BY2
1. Net Sales at Cost			
2. Less: Material Inflation Adj.	XXXXXXX		
3. Revised Net Sales at Cost	XXXXXXX		
4. Surcharge ($)			
5. Change to Customers			
a. Previous Year's Surcharge (%)			
b. This year's Surcharge and material inflation divided by line 3 above ($)			
c. Percent change to customer			

Line 1. On this line enter the net sales at cost for each fiscal year. The dollar value on this line should match the net sales at cost line on the composite line 1, SM-5A and include an estimate for material inflation.

Line 2. This line should have the dollar value of the material inflation adjustment applicable between the previous year and the fiscal year of the column, i.e., in the budget year column, enter the amount of material inflation included in line 1 between BY and CY.

Line 3. Subtract line 2 from line 1.

Line 4. Enter the surcharge ($) for that fiscal year from the SM-5A, i.e., for the budget year enter the composite total surcharge for line 2M of the SM-5A.

Line 5a. Enter the percentage (decimal) of the previous fiscal year's surcharge, i.e., for the budget year enter the percentage (decimal) from the CY line 2M of the SM-5A.

Line 5b. Add together line 4 and line 2. Divide the total of line 4 and line 2 by line 3 to get the entry for this line.

Line 5c. Divide line 5b plus one by line 5a plus one and subtract one from the result.

Exhibit SM-5b Customer Price Change

WAR RESERVE MATERIAL (WRM)
STOCKPILE ($ in millions)

STOCKPILE STATUS			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std			
2. Price Change			
3. Reclassification			
Inventory Changes			
a. Receipts @ std			
(1). Purchases			
(2). Returns from customers			
Issues @ std			
(1). Sales			
(2). Returns to suppliers			
(3). Disposals			
c. Adjustments @ std			
(1). Capitalizations			
(2). Gains and losses			
(3). Other			
Inventory EOP			

STOCKPILE COSTS	
1. Storage	
2. Management	
3. Maintenance/Other	
Total Cost	

WRM BUDGET REQUEST	
1. Obligations @ cost	
a. Additional WRM Investment	
b. Replenishment/Repair WRM - Reinvestment	
c. Stock Rotation/Obsolescence	
d. Assemble/Disassemble	
e. Other	
Total Request	

WAR RESERVE MATERIAL (WRM)
EXHIBIT SM-6

The purpose of the WRM exhibit is to notify Congress of the Departments intentions regarding the management of secondary item war reserves. Stockpile status and costs sections show the current and budgeted amounts for the inventory and the costs associated with maintaining these levels. The budget request section notifies Congress of the amounts of obligations to be used to acquire or maintain war reserve items and quantities. Exhibit instructions are as follows:

1. Stockpile Status (Same instructions as the SM-4). Components should use the "reclassification" line to transfer inventory into the "protected" WRM category from "WRM Other", if desired.

2. Stockpile Costs. WRM stockpile costs are those incurred in the working capital fund (WCF) to store WRM material, to manage WRM stocks to include a portion of total ICP costs (normally based on surcharges for purchased/repaired items funded with the obligations identified below), and any other WCF costs to maintain the WRM inventory.

3. WRM Budget Request. This area addresses the amounts of obligation authority to be used specifically for WRM items or WRM quantities, whether from an appropriation, from cash balances, or from future sales.

a. Additional WRM Investment (normally reimbursed or funded by an appropriation). The amount of obligations to purchase or repair new or additional items that will increase the value of the total WRM inventory...

b. Replen/Repair WRM Reinvestment. The amount of obligation authority to be used to replenish or repair WRM inventory that is sold, and the amount to be used to reinvest in new inventory with the funds from the sale of old inventory. Should normally be a one for one or dollar for dollar (excluding surcharges) replacement.

c. Stock Rotation/Obsolescence (separate from the stock replenishment from sales above). This is to replace stocks that are not sold but must be rotated or replaced periodically because of shelf life or obsolescence (can be related to an appropriation, if required, but normally maintains, and not increases, the value of the WRM inventory).

d. Assemble/Disassemble. The amount of obligations to be used to change the configuration of WRM inventory items.

e. Other. As appropriate.

FY _____ (Activity group) _____ (DoD Component)	COLLECTIONS/DISBURSEMENTS WORKSHEET (Dollars in Millions)			
	OPERATING	OTHER	MOBILIZATION	TOTAL
1. a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
2. a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
3. a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
4. a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				

Exhibit SM-8 Collections/Disbursements
1 of 2

INSTRUCTIONS FOR PREPARATION OF
COLLECTIONS/DISBURSEMENTS (EXHIBIT SM-8)

The purpose of the Collections/Disbursements Exhibit, SM-8, is to provide detailed backup for cash impacts. Instructions are:

1. The exhibit is required to be submitted with each budget submission or review. It may be determined based upon computation from amounts recorded in general ledgers, from memorandum records, or projections of recent experiences. Amounts shall be rounded to the nearest tenth of a million dollars. Prepare SM-8 for prior fiscal year and each succeeding fiscal year through the FYDP.

a. Prior Fiscal Year:

(1) Balance, BOP. Report the balance at the beginning of the period.

(2) Appropriations. Report the amount of appropriations realized in the prior fiscal year.

(3) Transfers. Report the amount of transfers from or to other funds during the prior fiscal year.

(4) Collections. Report the amount of collections received.

(5) Disbursements. Report the amount of disbursements made.

(6) Net Outlays. Report the amount of net outlays for columns 1 and 4 by subtracting the estimated collections line 1.d from expenditures line 1.e.

(7) Cash Balance, EOP. (End of Period). Report the fund balance as of the end of the reporting period.

b. Current Fiscal Year. Provide the same data as for the prior fiscal year, allowing balance EOP + BOP to compute based on transactions.

c. Budget Year. Provide the same data as for the current fiscal year.

d. Outyears. Provide the same data for the year following the budget year for the OSD/OMB Budget Review only.

2. Other Fund Balance (column 2) includes appropriated dollars for any purpose other than mobilization.

FY _____ BUDGET COMMODITY SUMMARY				A. Supply Management			B. AS OF (Enter date)
	SPARE PARTS	SUBSISTENCE	CLOTHING	MEDICAL/ DENTAL	FUEL	OTHER	TOTAL
CONTRACT AUTHORITY - SOURCE:							
OPERATING PURCHASES FROM DIA							
OPERATING PURCHASES FROM OTHER STOCK FUND							
OPERATING PURCHASES FROM OWN STOCK FUND							
OPERATING PURCHASES FROM SUPPLIERS							
OPERATING COSTS							
TOTAL OBLIGATIONS							
NEW APPROPRIATION (MEMO)							
MOBILIZATION							
OTHER							
SALES - BY CUSTOMER							
TO NON-DOD AND FMS							
TO OWN STOCK FUND							
TO ARMY							
TO NAVY							
TO AIR FORCE							
TO MARINE CORPS							
TO OTHER DOD							
To Other Non-DoD (list)							
TOTAL SALES							

Exhibit SM-10 Commodity Summary

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-10
COMMODITY SUMMARY

The purpose of the SM-10, Commodity Breakout Chart, is to provide a breakout of Appropriation, Costs and Sales including sales for each Service and the Defense Logistics Agency. This exhibit will be prepared in million of dollars and cover the prior, current, and budget year.

Total Cost per Output Summary

Component:_____ **Activity Group:**_____

Date:_____

($ in Millions)

	Gross Sales PY CY BY1 BY2	**Unit Cost** PY CY BY1 BY2	**Total Cost** PY CY BY1 BY2
Output Operating Budget			
Cost per dollar of sales		Divide Total Cost by Gross Sales	Cost equals obligations (except capital budget) plus depreciation, and credit returns.

Exhibit SM-16 Total Cost per Output Summary

Summary of Price, Program, and other Changes (Operating Budget) - Costs
Component: _____
Activity group: _____
Date: _____
($ in Millions)

	Cost of Opns FY PY	Cost of Opns FY CY	Price Growth	Program & Other Changes	Cost of Opns FY BY1	Price Growth	Program & Other Changes	Cost of Opns FY BY2
Military Personnel Compensation (Fund-1a lines 010-050)								
Civilian Personnel Compensation and Benefits (including FNIH personnel) (Fund- 1a lines 101-113)								
Travel and Transportation of Personnel (Fund-1a lines 301-307)								
Material & Supplies (For Internal Operations) (Fund-1a lines 401-422)								
Equipment (Fund-1a lines 502-550)								
Other Purchases from Revolving Funds (Fund-1a lines 601-699, except 633, 634, and 671)								
Transportation of Things (Fund-1a lines 701-761)								
Depreciation (Fund-1a lines 802-805)								
Printing and Reproduction (Fund-1a lines 633 and 921)								
Advisory and Assistance Services (Fund-1a line 931)								
Rent, Communications, Utilities, and Miscellaneous Charges (Fund-1a lines 634, 671, 912, 913, 914, and 915)								
Other Purchased Services (All other Fund-1a lines)								
Total Operating Budget A/								
Less Depreciation								
Inventory Procurement Expenses (Supply Management Only)								
Total Obligations								

A/ For Supply Management Activity groups, Total Operating Budget is for supply operations only. All entries on this form are obligations except for the costs of depreciation.

Exhibit Fund-1 Summary of Price and Program Changes – Costs
1 of 2

Instructions for Preparation of Exhibit Fund-1
Summary of Price, Program, and Other Changes

This exhibit reflects the total operating costs (including reimbursements for non-Fund activity groups) to accomplish the work load represented by all measured and unmeasured outputs. Measured outputs are those for which total costs for the output are estimated on the basis of the average total cost per unit. Unmeasured outputs are those remaining outputs that are expressed only in terms of total program costs. The operating budget will show depreciation for all capital benefiting the activity group. Both the Summary Exhibit (Fund-1) and the Detail Exhibit (Fund-1a), which reflect the costs incurred to support sales activity, are required for all activity groups except for Supply Management activity groups. For Supply Management Activity groups, all entries on this form are obligations except for depreciation.

Details of Price, Program, and Other Changes (Operating Budget) - Costs
($ in Millions)

		Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Price Growth Amount	Program & Other Changes	Cost of Operations FY --
	MILITARY PERSONNEL COMPENSATION						
010	Officer Composite – Civilian Equivalent Rates						
050	Enlisted Composite – Civilian Equivalent Rates						
	Total Military Personnel Compensation						
	CIVILIAN PERSONNEL COMPENSATION						
101	Executive, General, and Special Schedule						
103	Wage Board						
104	Foreign National Direct Hire (FNDH)						
105	Separation Liability (FNDH)						
106	Benefits to Former Employees						
107	Voluntary Separation Incentive Program						
110	Unemployment Compensation						
111	Disability Compensation						
112	Retirement Fund Offset (*15*% of Employee's final basic pay)						
	Total Civilian Personnel Compensation						
	TRAVEL						
308	*Travel of Persons*						
	Total Travel						
	MATERIAL & SUPPLIES (FOR INTERNAL OPERATIONS)						
401	*DFSC (Fuel)*						
402	Service Fuel (Purchases *From Other than DFSC)*						
411	Army Managed Supplies and Materials						
412	*Navy Managed Supplies and Materials*						
413	Non-capitalized Equipment Procured from DoD Sources						
414	Air Force Managed Supplies and Materials						
415	DLA Managed Supplies and Materials						
416	GSA Managed Supplies and Materials						
421	Locally Purchased Supplies & Materials (Other than from Supply Management)						
422	Locally Purchased Non-capitalized Equipment						
	Total Material, Equipment & Supplies						

Note: For Supply Management Activity groups, all entries on this form are obligation except for the costs of depreciation.

Exhibit Fund-1a Details of Price and Program Changes - Costs

Details of Price, Program, and Other Changes (Operating Budget) - Cost
($ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Price Growth Amount	Program & Other Changes	Cost of Operations FY --
EQUIPMENT PURCHASES						
502 Army (Fund) Equipment						
503 Navy (Fund) Equipment						
505 Air Force (Fund) Equipment						
506 DLA (Fund) Equipment						
507 GSA Managed Equipment						
550 Commercial Purchases of Equipment						
Total Equipment Purchased from the Fund						
OTHER INTRAFUND (FUND) PURCHASES						
601-699 (As follows:)		Component				
601 Army Ordnance-Armament Command		Army				
602 Army Depot Maintenance		Army				
603 DLA Distribution Depot (Army only)		Defense				
610 Naval Air Warfare Center		Navy				
611 Naval Surface Warfare Center		Navy				
612 Naval Undersea Warfare Center		Navy				
613 Naval Aviation Depots		Navy				
614 Naval Command, Control & Ocean Surveillance Center		Navy				
615 Navy Information Services		Navy				
Transportation (Sealift Services):						
620 Fleet Auxiliary Force		Navy				
621 Afloat Prepositioning Ships		Navy				
623 Special Mission Support		Navy				
624 Military Sealift Command		Navy				
653 Transportation (Airlift Services (Training))		Air Force				
630 Naval Research Laboratory		Navy				
631 Naval Facilities Engineering Service Center		Navy				
632 Naval Ordnance/Weapon Stations		Navy				

Details of Price, Program, and Other Changes (Operating Budget) - Cost
($ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Price Growth Amount	Program & Other Changes	Cost of Operations FY --
Navy Base Support Services:			Component			
634 Public Works - Utilities			Navy			
635 Public Works - Other			Navy			
639 Public Works (Composite Rate)			Navy			
637 Naval Shipyards			Navy			
640 Marine Corps Depot Maintenance			Marine Corps			
647 DISA Information Systems (Megacenters)			Defense			
648 Army Information Services			Army			
649 Air Force Information Services			Air Force			
650 DLA Information Services			Defense			
651 DFAS Information Services			Defense			
Depot Maintenance:						
661 Organic Operations			Air Force			
662 Contract			Air Force			
633 Defense Printing Services (FY 1997 and out)			Defense			
670 Defense Automatic Addressing Systems			Defense			
671 Communications Services (DISA)			Defense			
672 Purchases From Pentagon Reservation Maintenance Revolving Fund			Defense			
673 Financial Operations (DFAS)			Defense			
674 Distribution Depots (DLA)			Defense			
675 Defense Reutilization and Marketing Services (DRMS)			Defense			
676 Defense Commissary Operations			Defense			
678 Defense Security Service			Defense			
680 Purchases from the Buildings Maintenance Fund			Defense			
679 Cost Reimbursable Purchases			All			
680-689 Other Activity groups (List)			All			
Total Other Fund Purchases						

Details of Price, Program, and Other Changes (Operating Budget) - Cost
($ in Millions)

		Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Price Growth Amount	Program & Other Changes	Cost of Operations FY --
	TRANSPORTATION						
701	MAC Cargo (Fund)						
702	MAC SAAM (Fund)						
703	JCS Exercises						
704	Defense Courier Service						
709	Afloat Prepositioning Ships (MSC)						
710	Fast Sealift Ships						
711	MSC (Cargo – USTRANSCOM)						
712	Other MSC Purchases (POL)						
721	MTMC Port Handling (Fund)						
725	MTMC (Other non-Fund)						
771	Commercial Transportation						
	Total Transportation						
	OCONUS Transportation-Supply Mgt only (Memo)						
	CAPITAL INVESTMENT DEPRECIATION						
802	Equipment, except ADPE and Telecommunications Equipment (depreciation)						
803	ADPE and Telecom Resources (depreciation)						
804	Software Development (depreciation)						
805	Minor Construction (depreciation)						
806	Improvements Made to Land						
	Total Capital Investment Depreciation						

Details of Price, Program, and Other Changes (Operating Budget) - Cost
($ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Price Growth Amount	Program & Other Changes	Cost of Operations FY --
OTHER PURCHASED SERVICES						
901 Foreign National Indirect Hire (FNIH)						
902 Separation Liability (FNIH)						
912 SLUC (GSA Leases)						
913 Purchased Utilities (non-Fund)						
914 Purchased Communications (non-Fund)						
915 Rents & Leases (non-GSA)						
917 Postal Services (U.S.P.S.)						
921 Printing & Reproduction						
922 Equipment Maintenance by Contract						
923 Facility Maintenance by Contract						
927 Air Defense Contracts and Space Support (AF)						
928 Ship Maintenance by Contract						
929 Aircraft Rework by Contract						
930 Other Depot Maintenance (non-Fund)						
931 Contract Consultants						
932 Management and Professional Support Services						
933 Studies, Analysis, and Evaluation						
934 Engineering Technical Services						
941 Technical Drawings (Supply Operations only)						
942 Forgings & Castings (Supply Operations only)						
969 Other Engineering Services & Support						
989 Other Contracts						
998 Other Costs (List and identify items over $10,000)						
Total Other Purchases						
TOTAL COST OF OPERATIONS (Includes Reimbursements)						

Definitions of Fund-1a Categories - Cost
Details of Price, Program, and Other Changes (Operating Budget)

General. The Fund-1 and Fund-1a Exhibits reflect the total costs (expenses) of supporting the applicable activity group for each fiscal years PY, CY, BY1, and BY2. All activity groups will report the amortized capital costs of the activity for the capital investments benefiting the activity group. All entries on this form are costs except for Supply Management activity groups. For Supply Management activity groups, all entries on this form are obligations except for the costs of depreciation. Round data to the nearest tenth of a million (e.g., show $10.4 million, not $10 million).

Military Personnel Compensation - The elements of cost to be included in the calculation of Military Personnel composite enlisted and officer rates can be found in chapter 26 of the DoD Accounting Manual.

Civilian Personnel Compensation - The elements of cost now include VERA and RIF costs as well as the costs to offset the short-term costs of buyouts.

112 - 15 percent of the final basic pay of each employee who takes a buyout and voluntary early retirement under the Civil Service Retirement System (CSRS).

Material, Equipment, & Supplies - These elements support the internal material, equipment, and supply costs associated with operation of the associated supply activity. Distinguish between expenses associated with material purchased from Fund businesses and that purchased from non-Fund businesses.

413 - For equipment purchases of less than $100,000 per item. Equipment costing more than $100,000 per item will be capitalized and depreciated under element 801.

Other Purchases

941 - The amount entered for Technical Drawings will agree with the amount for this element in supporting budget justification materials.

942 - The amount entered for Forgings and Castings will agree with the amount for this element in supporting budget justification materials.

War Reserve Material Sales - Enter the amount for this element of expense supported by budget justification materials and included in operating budget totals.

Other pertinent information is explained below:

Exhibits are required to show changes from the prior year to the current year, the current year to the BY1, and from the BY1 to the BY2.

Elements of expense for which there are no costs should be excluded from the data submitted (rather than included with an amount of zero).

- Elements of expense 601-699 should be used for purchases from Working Capital Fund Activity Groups other than supply operations to support the internal operations of the activity group. Purchases by supply operations from depot maintenance businesses should be included in category 600. Purchases from the supply operations business to support the internal operations of the business should be reported in category 400.

Lines 601-676 and 680-689 should include purchases made at stabilized rates. Cost reimbursable purchases should be included in line 699.

- Purchases of engineering services, other than those shown on lines 931-934 should be included on line 969, Other Engineering Services and Support.

Changes in the Costs of Operation
Component/Activity group:_____
Date:_____
(Dollars in Millions)

Expenses

FY PY Estimated Actual

FY CY Estimate in President's Budget:

Estimated Impact in FY CY of Actual
    FY PY Experience:
        List

Pricing Adjustments:
    Civilian Personnel
    Fuel Price

Program Changes:
    List

FY CY Current Estimate:

Pricing Adjustments:
    Annualization of Prior Year Pay Raises
    FY BY1 Pay Raise
        Civilian Personnel
        Military Personnel
Fund Price Changes
General Purchase Inflation
Other Price Changes (list)

Productivity Initiatives and Other Efficiencies:
Productivity Initiative 1
Fund Productivity
Etc.

Program Changes:
Change 1
Etc.

Other Changes:
    Depreciation
    Other (list)
FY BY1 Estimate:

Pricing Adjustments:
    Annualization of Prior Year Pay Raises
    FY BY2 Pay Raise
        Civilian Personnel
        Military Personnel
    Fund Price Changes

Exhibit Fund-2 Changes in the Costs of Operation

Changes in the Costs of Operation (Cont)
Component/Activity group:_____
Date:_____
(Dollars in Millions)

Expenses

General Purchase Inflation
Other Price Changes (list)

Productivity Initiatives and Other Efficiencies:
- Productivity Initiative 1
- Fund Productivity
- Etc.

Program Changes:
- Change 1
- Etc.

Other Changes:
- Depreciation
- Other (list)

FY BY2 Estimate:

This exhibit will explain the changes in the operating budget (expenses) from one fiscal year to the next at a meaningful level of detail, relating program changes to changes in the level of work load (Unit Cost outputs) to the maximum extent possible. A Fund-2 exhibit for each Fund activity group is required. Of particular interest are the strategies and plans to improve activity group productivity and quality. Accordingly, the cost impacts of productivity initiatives (Defense Management Reviews (DMR) and other) should be separately identified on this schedule. Each activity group should include a paragraph outlining major productivity improvement plans and associated resources including but not limited to capital investment, education and training initiatives, process improvement, consolidation and streamlining, work force motivation, and incentives.

Provide a narrative explanation for changes. Round data to the nearest tenth of a million (e.g., show $ 10.4 million, not $ 10 million).

For changes in cost due to productivity initiatives, list the detailed initiatives and amounts for each. Distinguish the cost reductions associated with individual DMR's from other productivity initiatives.

Labor *and Unit* Cost Breakdown
Component:_____
Activity group:_____
Date:_____

($ in Millions)

	Direct		Indirect		Gen & Adm			*Workload*	*Unit*
	Labor 1/	Nonlabor	Labor 1/	Nonlabor	Labor 1/	Nonlabor	Total	*Indicator*	*Cost*
FY PY									
FY CY									
FY BY1									
FY BY2									

1/ Includes military and civilian compensation

List total Direct, Indirect, and General and Administrative expenses by year. The distinction between these elements of cost should be based on the 15 October 1990 Unit Cost Resourcing Guidance, or approved Unit Cost Task Group Mapping.

For Supply Management Activity groups, all entries on this form are in obligations with the exception of depreciation.
Workload may be expressed in Direct Labor Hours or other meaningful measure for the activity group.
Unit Cost will equal total cost divided by total workload measure for each fiscal year.

Area Personnel Breakdown

	Direct	Indirect	Gen & Adm	Total
FY PY				
Civilian FTEs				
Civilian End Strength				
Military End Strength				
FY CY				
Civilian FTEs				
Civilian End Strength				
Military End Strength				
FY BY1				
Civilian FTEs				
Civilian End Strength				
Military End Strength				
FY BY2				
Civilian FTEs				
Civilian End Strength				
Military End Strength				

Exhibit Fund-3 Labor Cost Breakdown

Instruction for the Preparation of Exhibit Fund-3
Labor *and Unit* Cost Breakdown

This exhibit combines the requirements of Fund-6 exhibit (Derivation of Unit Costs). Accordingly, the Fund 6 exhibit will no longer be required. The Fund-3 exhibit stratifies, by fiscal year, the total activity group costs in the operating budget by Direct, Indirect, and General and Administrative (G&A) categories, which respond differently to changes in work load. In addition it displays total workload in terms of direct labor hours or other measure and the applicable unit cost. For the G&A category, only the personnel carried in and paid for by the activity group should be reflected in the personnel strength numbers. This includes personnel paid from the activity group payroll such as assigned security guards and personnel working in the office of the activity group director. However, this does not include the personnel assigned to a G&A activity that provides base operations support to the activity group unless they are carried in the end strength of the business activity.

Summary of General and Administrative Costs
Component:_____
Activity group:_____
Date:_____

($ in Millions)

FY PY	FY CY	FY BY1	FY BY2

List those elements of cost, including purchased services and base operations, which will be distributed as General and Administrative Overhead Costs to measured and unmeasured outputs. Where appropriate, also include headquarters costs. Separately identify categories that are significant cost drivers; summarize less significant cost drivers in the "other" category. Examples of General and Administrative Costs include *but are not limited to*:

ADP Support
Telecommunications
Installation Services
Travel/Training
Equipment Maintenance
Civilian Personnel Office
Comptroller/Accounting and Finance
Real Property Maintenance
Utilities
Headquarters Support
Internal Supply or Inventory Management
Other

Total

Note: Significant differences between years should be explained.

* Includes higher headquarters operating expenses above the activity level command elements -- usually at the major command, systems command or other comparable organizational levels (see definition on Fund 25 exhibit).

Exhibit Fund-4 Summary of General and Administrative Costs

Total Cost Per Output Summary

Component:_____
Activity group:_____
Date:_____
($ Millions)

	Work load				Unit Cost				Total Cost			
	PY	CY	BY1	BY2	PY	CY	BY1	BY2	PY	CY	BY1	BY2
Output Operating Budget												
List each output whether measured or not.	Estimated work load for measured outputs.				Estimated unit cost for measured outputs.				Estimated total cost for measured and unmeasured outputs. O&M functions must include reimbursable outputs.			
Total Operating Budget	No Data Entry				No Data Entry				Sum the total estimated cost for all outputs. O&M-funded activities must include reimbursable outputs.			
Capital Budget	No Data Entry				No Data Entry				List the estimated total capital budget.			

This exhibit specifies, by fiscal year, the operating budget by the costs and outputs associated with each activity group. Total costs on this exhibit will add to the operating budget total. Enter the total capital budget amount (authority) as the last item in the table. Exhibit Fund-5 corresponds to the funding document that will be issued for those activity groups that have a limited number of outputs. Exhibit Fund-5a should be used for activity groups with multiple outputs, which includes most of the activity groups that were formerly Industrial Fund activities.

Exhibit Fund-5 Total Cost Per Output Summary

Total Cost Per Output Summary
Component:_____
Activity group_____
Date:_____

1. **Description of How Products are Priced:**

Examples: Price list for items repaired
Cost per billable hour
Cost per item manufactured
Cost per ton/mile by route

Activity groups should provide descriptions for as many of the primary outputs as practical.

2. **Explanation of Average Change in Cost:**

FY CY Average Changes in Cost

Provide a narrative explanation of how the data displayed in Exhibit Fund-1 and changes in work load affect the average cost of products in FY CY, FY BY1, and FY BY2.

FY BY1 Average Changes in Cost

FY BY2 Average Changes in Cost

Exhibit Fund-5a Total Cost Per Output Summary

Activity group: _____

FY __

	Prior Year Stabilized Rate ($)	Direct Labor Hours (000) Carry-in	Revenue Carry-in Orders ($ Mil)	Proposed New Order Rate ($)	Direct Labor Hours (000) Total New Orders Accepted	Revenue Total New Orders ($ Mil)	New Orders Accepted but Not Worked ($ Mil) 1/	Proposed Carry-out Rate ($ Mil)	DLHs (000) Carry-out 2/
Funding Source									
Parent Service	(List customers by appropriation, fund, or other sources. All orders must match the OP-21, R-32, and P-32 exhibits in total.)								
Other DoD Services	(List by Service. Show by appropriations, fund, or other source.)								
Other DoD Agencies	(List by agency.)								
Other DoD Funds	(List by Fund, i.e., Navy Supply Management, Air Force Depot Maintenance, etc.)								
Non DoD Agencies, Individuals & Others									
Total									

1/ These orders are included within Total New Orders Accepted, but are not programmed for execution during the budget year.

2/ This column would include all orders from column 7 (New Orders Accepted but Not Worked), plus any additional multi-year orders funded in prior years (FY-1, etc.), but still not programmed for execution in this fiscal year.

Exhibit Fund-7a Summary of Sources of Revenue

Instructions for Completing the Fund-7a, Summary of Sources of Revenue

Separate fiscal year exhibits are required for the prior year, current year, and budget year.

Revenue from carry-in orders at the beginning of the fiscal year must equal the carry-out balance at year-end for the previous fiscal year. New customer orders should be priced at the rate used in the Components' customer account request (see guidance on setting rates). Carry-out orders should be priced based on the pricing guidance. Because carry-out orders cannot be billed until accomplished, the sum of the revenue derived from carry-in orders, new orders planned for execution in this fiscal year., and the other column should equal total revenue from orders for the fiscal year. Other revenue includes pass-through, direct funding, and cost reimbursable orders that are not subject to stabilized rates.

Direct labor hours (DLHs) for carry-in work include only carry-in (balance on hand beginning of the year) anticipated to be executed during the program year. For multiyear projects, that portion of carry-in programmed for execution in future years should be added to carry-out work load. Show new customer order received from each appropriation, agency, or fund, as applicable. Any new customer orders not programmed for execution during the programmed fiscal year should be included in the carry-out category.

Revenue amounts must agree with the applicable Revenue and Expense Exhibits (Fund-11) and with Summary of Price and Program Changes Exhibits (OP-32, R-32, and P-32). (See pricing and customer account guidance in the DoD Financial Management Regulation and in the budget guidance.)

The prior year stabilized rate is the DoD composite revenue rate set in the prior year(s) budget(s). If carry-in from more than one year is involved, provide the weighted average based on the number of DLHs and the rate applicable for each year. If all carry-in was at the same rate, then only one entry is required at the top of the column. If the business has established sub-composite rates (that make up the DoD stabilized rate) such as a rate by major commodity or product (engines, airframes, components, etc.), these sub-composite rates may be used in the "Prior Year Stabilized Rate" column if grouped by customer or appropriation.

The column "New Orders Accepted but not Worked" will reflect carry-out orders.

Funded carry-in showing excess of three months in FY PY - FY BY2+1 should be explained in a narrative footnote to this exhibit.

The formula for determining carryover as it applies to the 3-month carry over rule *for organic operations and 4 ½ months for Air Force Contract Depot Maintenance* is:

Gross Unfilled Orders at end of prior FY
- \+ New Orders for Current FY
- \- Revenue for Current FY
- \- Work in Process for Current FY

= Gross Orders carried over to Next FY

- \- Non-Supply Intra-DWCF Orders
- \- Non-Supply Inter-DWCF Orders
- \- FMS Orders
- \- BRAC Orders
- \- Non-DoD Orders
- \- Direct Contract Obligations

= Adjusted Orders Carried-over to Next FY

Months of Carryover = Adjusted Orders Carried-over to Next FY divided by (Current Year Revenue divided by 12)

CUSTOMER RATE COMPUTATIONS
Department of (Component Name)
Activity group: _____

Adjustment	New Order FY _ Direct Labor Hours	Program Cost	Rate ($)
Prior Year Stabilized Rate:			$xx.xx
1. Total programmed Direct Labor Hours (DLHs) anticipated to be executed during the fiscal year:	xxx,xxx,xxx		
2. Total Cost of Goods Sold during year:		$xxx,xxx,xxx	
3. Minus DLHs associated with carry-in orders:	- xxx,xxx		
4. Minus non-stabilized rate revenue and revenue from carry-in orders at prior year composite rate: (including BRAC funding, direct reimbursables, UPC funds, passthroughs, etc.)with related DLHs:		-$ xx,xxx,xxx	
BRAC	xxx.xxx	xxx,xxx	
Passthroughs	xxx,xxx	xxx,xxx	
Direct Reimbursables (List)	xxx,xxx	xxx,xxx	
5. Total Direct Labor Hours for New Orders accepted and programmed for execution this year (Line 1 minus line 3 minus line 4):	xxx,xxx,xxx		
6. Adjusted Cost of Goods Sold (Line 2 minus line 4):		$xxx,xxx,xxx	
7. Initial Cost Per Direct Labor Hour for New Orders: (line 6 divided by line 5).			$xx.xx
8. DLHs associated with new orders to be carried-over* for execution in the next fiscal year:		xxx,xxx	
9. Add inflation differential value for New Orders accepted but programmed for carry-over to next fiscal year. (Line 7 times Line 8 times inflation rate).		+$xxx,xxx	
10. Adjusted Cost of Goods Sold (Line 6 plus line 9):		$xxx,xxx,xxx	

Exhibit Fund-7b Customer Rate Computations

CUSTOMER RATE COMPUTATIONS
Department of (Component Name)
Activity group: _____

Adjustment	Direct Labor Hours	Program Cost	Rate ($)
11. Adjusted Cost Per Direct Labor Hour: (Line 10 divided by the sum of the DLHs from Step 5 and step 8).			$xx.xx
12. Adjustment for prior year gains or losses necessary to achieve an end-of-year AOR of zero for the budget year: Step 12 is calculated as follows: (a) Take the previous year end-of-year AOR and add to that any new surcharges required. (b) The resulting dollar value (from "a" above) is then multiplied by the following ratio: (Line 5 DLHs + Line 8 DLHs) / Line 5 DLHs The resulting dollar value, either positive (if your AOR is negative) or negative (if your AOR is positive), is then used as an adjustment to program cost in Item 12. The adjustment for capital surcharges is positive. This will ensure that all prior year gains or losses planned to be recouped or distributed will be accomplished during the budget year for which rates are being set. If an activity proposes to recover an operating loss over more than one fiscal year, the total operating loss and the amount carried to the next fiscal fiscal year must be displayed.		+/- $xxx,xxx,xxx	
13. Adjusted Cost of Goods Sold (the sum of Line 10 and line 12):d		$xxx,xxx,xxx	
14. New Customer Order Stabilized Rate (Cost Per Direct Labor Hour): This rate is calculated by dividing line 13 by the sum of the DLHs from line 5 and line 8.			$xx.xx
15. Percentage rate change from prior year: (line 14 rate divided by Line 1 rate) minus 1.			+/- xx.xx%

*Note - When determining inflation adjustments for carry-over orders you may include those orders from multiple year projects that were carried-in from the prior year, but will not be accomplished in the current year. The total carry-over DLHs should match the number reported on the Fund-7a exhibit.

Navy Research and Development Rates. The Navy will include the total composite rate change for the Research and Development activity group in addition to the stabilized rate (for work performed in-house only) in the budget estimates submission. Activity groups may separately propose and justify rates by activity or product line provided that the total for all rates ties back to the activity group composite rate.

AIR MOBILITY COMMAND (AMC)
COMMON USER TRANSPORTATION SERVICES
DEFENSE BUSINESS OPERATIONS FUND SUMMARY

DATE:_____

	FY PY	FY CY	FY BY1	FY BY2
I. Cost of Operations				
Outputs:				
Cost per Trained Flight Crew (1)				
• C-5				
• C-130 (CONUS)				
• C-141				
• C-17				
Other Outputs/Augmentation				
• Channel Passenger Movement				
• Channel Cargo				
• Special Assignment Airlift Missions (SAAMs)				
• Joint Chiefs of Staff Exercises				
Other Outputs/Organic (2)				
• Channel Passenger Movement				
• Channel Cargo				
Special Assignment Airlift Missions (SAAMs)				
• Joint Chiefs of Staff Exercises				
Support to Others/Base Operations (3)				
Air Refueling Tankers				
Aeromedical Evacuation				
Commercial Mail Service				
Total Costs				
II. Revenue				
Channel Passenger Movement				
Channel Cargo				
Special Assignment Airlift Missions (SAAMs)				
Joint Chiefs of Staff Exercises				
Commercial Mail				
Base Support (Reimbursements from Tenants)				
Other				
Total Based Revenue				

III. Appropriation Request (Total Costs - Revenue): This request should be listed by output. The objective is to determine the request which is needed to fund the difference between the actual cost of flying AMC planes versus the revenue which is generated by commercially based rates.

Exhibit Fund-8b Air Mobility Command Common User Services

Notes:

(1) The cost per trained flight crew includes all organic airlift costs including estimated overhead for Base Operations and AMC Headquarters).

(2) Provide estimated costs for airlift missions required solely for purposes of meeting customer demand such as disaster relief (e.g., Provide Hope, Provide Comfort, etc.).

(3) Estimated Base Operations costs incurred in support of tenants. Base Operations costs in support of the AMC missions should be included in the total cost of the missions supported.

Activity group Capital Investment Summary
Component: _____
Activity group: _____
Date: _____
($ in Millions)

Line Number	Item Description	FY PY		FY CY		FY BY1		FY BY2	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment - Replacement - Productivity - New Mission - Environmental *** $1,000,000 and over – list separately** *** $500,000 to $999,999.99 – one line** *** $100,000 to $499,999.99 – one line** ADPE & Telecommunications Equipment Software Development Internally Developed Externally Developed Minor Construction TOTAL								

* This break-out applies to all CIP categories. Fund 9b Justification Requirements are found in Paragraph I of Instructions.

Exhibit Fund 9a Activity group Capital Investment Summary (Page 1 of 4)

Instructions for the Fund-9a Exhibit
Capital Investment Summary

General - Each line item shown on the Fund-9a Exhibit represents the summary data associated with an individual capital investment reported on the Fund-9b Exhibit (Capital Investment Justification). The line number assigned to the item from the Fund-9b Exhibit will be cross-referenced in the first column of the Fund-9a. In addition, the ADPE and Telecommunications equipment and software development Fund-9b Exhibit line number assigned should also be used for cross-referencing within the Information Technology Exhibits as outlined in Chapter 18 of this regulation. Use the approved Defense Working Capital Funds activity group name.

1. All individual projects with a cost of $1,000,000 or more will be separately justified on Fund-9b Exhibit.

2. All projects with a cost of $500,000 to $999,999.99 may be included together on one line. However, each project making up the total of this line item will be listed separately on the Fund 9b exhibit showing project name, location where the project will be used and the dollar amount by fiscal year.

3. All project with a cost between $100,000 and $499,999.99 may be included on one line. Listing of individual projects in this category is not required. However, sufficient back-up data should be maintained to identify these projects, if requested. Provide the number of projects included in the total for each fiscal year.

4. Section 090103, Policy, provides specific guidelines in deciding whether or not to include an item in the capital budget, and the necessary pre- and post-investment analysis required to substantiate a capital budget request. Specific rules regarding depreciation of Capital Assets are found the in paragraphs 090103B(1)-(8) and Volume 4 Chapter 6.

5. Definitions for these capital budget categories are provided below:

A. Equipment, other than ADPE and Telecommunications Resources, costing $100,000 or more will be capitalized and depreciated. Equipment will be categorized by the primary reason justifying the purchase: Replacement, Productivity, New Mission, or Environmental Compliance.

(1) Replacement Equipment should be systematically analyzed and alternatives considered to meet the replacement requirement in the most cost-effective manner supported by an economic analysis. The level of effort devoted to this analysis should be related to the dollar value of the proposed investment and should employ traditional capital investment evaluation techniques such as net present value and internal rate of return analysis. In the situation where a new piece of equipment being considered significantly exceeds the capability of existing equipment, the repair versus purchase decision should be justified in the category "Productivity Equipment."

(2) Productivity Equipment consists of equipment that significantly exceeds the efficiency or capability of existing equipment and should be supported by an economic analysis comparing the net present values of alternatives considered by the decision maker. Productivity equipment reduces the cost of operations of the business activity, thereby reducing cost per unit of output, or results in a product or service improvement that reduces the customer's cost of use.

(3) New Mission Equipment is equipment needed to support an increase in work load or a new mission that cannot be adequately accomplished with the existing equipment. Purchase decisions should be supported, where applicable, with a thorough and systematic analysis of the alternatives available to satisfy the requirement in the most cost-effective manner.

(4) Environmental Compliance Equipment is equipment needed to correct or forestall a condition in violation of local, state or federal statutes and regulations. Rather than an economic analysis, a description of the possible violation ought to be included and how the particular item of equipment will remedy the situation.

B. ADPE and Telecommunications Equipment having a system unit or life cycle cost of $100,000 or more will be capitalized and depreciated.

(1) ADPE and telecommunications resources consist of computer hardware, operating system software (including utility and communications software) and telecommunications equipment as defined in OMB Circular A-11.

(2) ADPE costs will be displayed in four parts: (1) Computer Hardware (Production), (2) Computer Software (Operating System), (3) Telecommunications, and (4) Other Computer and Telecommunications Support Equipment. The last category includes investments such as uninterrupted power sources and air conditioning that must be purchased to support computer and telecommunications resources.

C. Software Development/Modernization with a system unit or life cycle cost of $100,000 or more will be capitalized and depreciated. Internally developed software and externally developed Software will be listed separately.

(1) Software development includes the actual development and acquisition of the information system as defined in OMB circular A-11. This category does not include software developed for a customer for use in a weapon system.

(2) Software development/modernization will be budgeted by project. A project is defined as any change, modernization, or improvement to a system or subsystem that by itself will provide an economic benefit or improvement in a business process. This must include all changes or improvements needed to interface or integrate with other ancillary systems. A project has a start and stop date, a specific amount of funds, and results in a usable end product. The full scope of a software development project may consist of efforts in any or all of the following four phases:

(a) planning and system design;
(b) system development including software modification and conversion;
(c) deployment, including environmental and operational test and installation; and
(d) management and technical support.

(3) Costs to be included in a software development project include the total labor and non-labor costs such as: (a) all direct cost for civilian and military personnel; (b) contractor labor; (c) supplies; (d) travel; (e) processing support for testing; (f) indirect costs; and (g) general and administrative costs (e.g., base operations support, higher headquarters, and depreciation for central design activity-owned assets). Software development/modernization projects will exclude ADPE and maintenance/operations costs. These will be identified separately in the ADPE and telecommunications section of the Fund-9a and Fund-9b.

D. Minor Construction projects financed by the activity group and costing from $100,000 to $500,000 will be capitalized and depreciated. Minor Construction projects costing up to $1,000,000 may be financed by the DWCF if the project is required to correct a deficiency that is life-threatening, health threatening, or safety threatening. Where appropriate, minor construction decisions should be supported by an economic analysis.

E. Column Entries

(1) Item Description. Enter the category - Equipment $1.0 million or more, Minor Construction, etc., and the proper nomenclature, or descriptive title, of the item to be procured or service to be purchased.

(2) Quantity. As applicable, enter the quantity of items procured/estimated to be procured during , as FY PY, FY CY, FY BY1, and FY BY2. The quantity shown in this exhibit should reflect all program changes through the date of preparation of the exhibit regardless of whether such changes have been previously reported.

(3) Cost. Enter the estimated total cost of the applicable quantities procured/estimated to be procured during FY PY, FY CY, FY BY1, and FY BY2, as applicable. This amount should reflect all costs associated with program changes through the date of preparation of the exhibit regardless of whether such changes have been previously reported. Costs will be expressed in millions of dollars, to the nearest tenth (i.e., $2.6 million).

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Budget Submission
B. Component / Business Area / Date				C. Line No. & Item Description						D. Activity Identification			
	FY PY			FY CY			FY BY1			FY BY2			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	

Narrative Justification:

This exhibit will provide detailed justification by line item in support of summary capital investment purchases shown on the Fund-9a Exhibit.

- Describe the capability afforded by the existing equipment/ADPE and telecommunications resources/software development/facility and the shortcomings inherent in the current situation.
- Describe the benefits to be realized from the proposed capital investment.
- Indicate whether an economic analysis or *cost analysis* has been performed and, if not, why not. Summarize the net present value advantages of the proposed investment over alternatives considered and discarded. Be prepared to provide a copy of supporting economic analysis upon request.
- For MilCon projects, provide a copy of the supporting Form 1391 for new projects not previously submitted or identified.
- Describe the impact of not making the proposed capital investment.
- For computer software, separately identify license fees.

Exhibit Fund-9b Activity group Capital Purchase Justification

Instructions for the Preparation of Exhibit Fund-9b
Capital Investment Justification

I. General

A. The purpose of this exhibit is to provide detailed cost data and narrative justification in support of each line item listed on the Fund-9a. Separately justify each capital investment which costs $1,000,000 or more. It is important that the Fund-9b be complete and accurate as it is the primary justification for activity group's capital purchases.

B. Separate Fund-9b exhibits will be submitted for each line item on the Fund-9a where there is an entry in either the current year or budget year(s) columns.

(1) Line items over $1,000,000 are justified separately.
(2) Line items for projects costing between $500,000 and $999,999.99, list each project making up the line item total separately. Show project name, location where it will be installed, fiscal year and amount of project.
(3) For projects costing between $100,000 and $499,999.99, indicate the number of projects making up the total for each fiscal year.

II. Headings

A. For "Budget Estimate Submission," insert "FY XX OSD/OMB submission" (XX is used for illustration purposes only. Insert the applicable fiscal year in lieu of XX.)

B. Identify the applicable Component/Activity group for the proposed capital investment. Use the approved Defense Working Capital Fund Activity Group name. Identify the activity that will benefit from the capital item, if possible. Specific activities need not be identified for Equipment, ADPE, and telecommunications resources, Software Development, and Minor Construction Purchases costing under $500,000 each.

C. For each item (e.g., five new forklifts), indicate the item description contained in Exhibit Fund-9a.

D. Line Item No. & Item Description. Enter a line item identification number to cross-reference the corresponding entry on the Fund-9a along with a description of the investment.

III. Column Entries

A Element of Cost. Purchases of equipment and systems often require more than one procurement action to complete the program or, if only one contract is involved, there may be several cost elements such as the end item itself, publications, installation, minor construction support, etc. **Each of these elements should be shown separately** in the "Elements of Cost" section with related costs shown separately under the total cost sections. Quantity and unit cost should be shown for these elements when appropriate.

B. Quantity. The quantity related to any cost element should be stated in units. Cost columns will be totaled.

C. Per Unit Cost. Enter the actual or estimated unit cost, when appropriate, for each element listed. Express unit costs in thousands of dollars, to the nearest tenth (i.e., $20.1 thousand). Unit costs should be expressed in terms of "then year" costs.

D. Total Costs. Enter the total cost of each building block entry taking into consideration quantity to be procured/estimated to be procured and unit costs.

IV. Narrative Justification

A. Provide complete narrative description for each applicable item. This narrative justification should include sufficient information to serve as the sole justification for funding the item. The narrative description should include, but not be limited to:

1. The nature, purpose, and intended use of the item.
2. Indicate whether a pre-investment economic analysis was performed.
3. Indicate the dollar value of estimated savings/cost avoidance after the equipment is installed or the project is complete and the fiscal year when the savings/cost avoidance should begin. If no savings/cost avoidance should result from the purchase, an explanation must be provided to indicate why.
4. Provide a clear, concise statement relating planned procurement to the total objective for the applicable item/program. For example, the total objective for a type of supply management equipment might be 40 units at an estimated cost of $300,000 each for a total cost of $12.0 million. Ten units have been procured in prior years, 15 units are included in the budget year, leaving 15 units to be procured in subsequent years. If the items are to be used/installed at more than one Activity, a list of the applicable Activities that are to receive the equipment/system should be provided.

Capital Investment and Financing Summary
Component: _____
Activity group: _____
(Dollars in Thousands)

Category: _____

	Fiscal Year						Total
	PY-X	**PY**	**CY**	**BY1**	**BY2**	**Outyears**	**Program**
Program Year Authority	100	125	140	150	160		
Program Year Obs ($/%)							
PY-X	80/80%	20/20%					100/100%
PY		100/80%	25/20%				125/100%
CY			100/79%	20/14%	10/7%		140/100%
BY1				115/77%	35/23%		150/100%
BY2					120/75%	40/25%	160/100%
Total by FY	80	120	135	135	165	40	
Program Year Outlays ($/%)							
PY-X	40/40%	40/40%	20/20%				100/100%
PY		50/40%	50/40%	25/20%			125/100%
CY			55/39%	45/32%	30/21%	10/8%	140/100%
BY				60/40%	60/40%	30/20%	150/100%
BY2					65/41%	95/59%	160/100%
Total by FY	40	90	125	130	155	135	
Program Yr. Unoblig Balance							
PY-X	20						N/A
PY		25					N/A
CY			30	10			N/A
BY1				35			N/A
BY2					40		N/A
Total by FY	20	25	30	45	40		N/A
Program Year Unexpend Obs							
PY-X	40	20					
PY		50	25				
CY			55	30	10		
BY1				55	30		
BY2					55		
Total by FY	40	70	80	85	95		

A separate page will be submitted for each category of Capital Purchases as well as a summary page. The categories are Equipment-Non-ADPE, Equipment-ADPE and Telecommunications, Minor Construction, and Software Development. (PY-X should go back to, and include, FY 1992. Although the sample exhibit reflects program year obligations of 100% of CY, PY, and PY-X program authority, that need not be the case; CY, PY, and PY-X program year obligations should reflect your best estimates.

The percentages used above are for display purposes only. The actual amounts used will vary by activity group.

Exhibit Fund-9c Capital Investment and Financing Summary

Department of (Component Name)
Activity group: _____
FY 20__
FY 20__ _____ Budget Estimate

PROJECTS ON THE FY __ PRESIDENT'S BUDGET
(Dollars in Millions)

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
	Equipment except ADPE and TELECOM					
	Equipment - ADPE and TELECOM					
	Software Development					
	Minor Construction					
	Total FY __					

Instructions:

Complete the form for each fiscal year required in the Budget Submission. The "Approved Project Column" is the program approved in the President's Budget.

FY	Fiscal Year of the Project.
Approved Project	Project title and amount from the President's budget.
Reprogs	Amount of reprogramming which have occurred since the President's budget.
Approved Project Cost	Approved Project Cost plus/minus Reprogramming.
Current Proj Cost	Current estimate of project cost
Asset/Deficiency	Asset: funds excess to current project cost estimate. Excess funds may be reprogrammed to other projects that show a deficiency in this column.

Prepare the Fund-9d exhibit to show the changes between the FY PY President's Budget Submission the FY BY1/BY2 OSD/OMB Budget Submission.

Exhibit Fund-9d Capital Budget Execution

Price Changes
Component: _____
Activity group: _____
Date: _____

Output	Rate/Price Change (%) FY CY	FY BY1	FY BY2
Output 1	Break each rate change into its detailed components (i.e., general inflation, productivity, etc.) on a percentage basis. Rate changes should be consistent with Fund-2.		
Output 2			
Etc.			

Explanation

This exhibit should list each output and the computed change in customer price from the previous year. The components of price contributing to changes in customer prices should be explained. All Fund customer rates for FY CY will be those reflected in the President's budget. FY BY1 and FY BY2 price changes should be based on cost reflected in this submission to achieve an accumulated operating result (AOR) of zero in both FY BY1 and FY BY2.

Exhibit Fund-10 Price Changes

ACTIVITY GROUP ANALYSIS
COMPONENT/ACTIVITY GROUP:_____
SOURCE OF *NEW ORDERS AND* REVENUE
(Dollars in Millions)

	FY PY	FY CY	FY BY1	FY BY2
1. New Orders				
a. Orders from DoD Components:				
Own Component				
Appn 1				
Continue List by Appropriation				
Other Services (List by Appropriation)				
b. Orders from other Fund Activity groups (List by Activity group)				
c. Total DoD				
d. Other Orders:				
Other Federal Agencies				
Trust Fund				
Non Federal Agencies				
Foreign Military Sales				
Total New Orders				
2. Carry-In Orders				
3. Total Gross Orders				
4. *Revenue (-)*				
5. *End of Year Work-in-Process (-) (a)*				
6. *Direct Contract Obligations(-) (b)*				
7. *Non-DoD, BRAC, FMS, and DWCF Orders (-) (b)*				
8. Funded Carry-over				
9. *Months of Carryover (c)*				

(a) The application of the percentage-of-completion method of revenue recognition should result in the elimination of most work-in-process.
(b) Seen exhibit 7a for a complete list of orders to be excluded.
(c) Months of Carryover = Adjusted Orders Carried-over to Next FY divided by (Current Year Revenue divided by 12).

Instructions for the Preparation of Exhibit Fund-11
Source of Revenue

This Exhibit will identify the customers of each activity group at the level of detail indicated. Appropriated fund customers should be identified at the appropriation level. Be specific as to the source of funding. Entries such as OSD or Army are not acceptable on this Exhibit. Lack of specificity will indicate that the funding source is unknown and may not be considered as a legitimate source of funding. The identification will be on the basis of funded orders so that activity group activity may be linked to the appropriations for goods and services.

For line 1.a (Orders from DoD Components), show the amounts by appropriation (e.g., Army National Guard Operation and Maintenance, Army RDT&E, etc.) for orders accepted within the submitting Service/Component. For orders accepted from other Components, show the appropriation detail for significant customers.

For line 1.b (Orders from Other Fund Activity groups), show the orders accepted from other Defense Business Operations Fund Activity groups. Be specific as to the activity group.

Total New Orders on Line 1 must match data provided in the OP-32, R-32, and P-32 exhibits.

For line 2, display the carry-in orders from prior fiscal years. For the Supply Management activity groups, carry-in orders represent back orders.

For line 3, add the sum of lines 1 and 2.

Line 4 should equal orders from line 3 that will not be sold in the current year. For the Supply Management activity groups, funded carry-over represents backorders.

Line 5 will equal total gross sales shown on the Revenue and Expense Statement.

Components will submit summary Fund-11 exhibits for activity groups (such as Navy Research and Development) that have subdivisions and will submit a summary Fund 11 at the Component level.

Performance and Quality Measures
Component_____
Activity group_____

Output Measure _____

Performance Effectiveness Measure Definitions

Category	Title	Description
1.	Net Operating Results (NOR)	
2.	Timeliness	Provide a brief description of the performance measure and identify the source of the data. Include how the measure will be used to influence work process improvement, customer feedback, and management control.
3.	Quality	
4.	Customer Satisfaction	

Performance Measures

Performance Measure	Goal	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate

Criteria: These measures should identify the critical characteristics of the product or service from the customer's perspective for activity groups. Each activity group should use the performance effectiveness measures submitted in the March 1, 1993, Milestone II Report to Congress and those measures mandated for use in financial statements by the Chief Financial Officers Act. Each performance effectiveness measure should: (1) describe the final product as it is received by the customer, (2) be a discrete straightforward indicator, (3) be critical to the outcome goals, (4) be controllable by the business activity manager, (5) be distinguishable from work process measures, and (6) be automated to the maximum extent possible. Measures of sub-processes or internal operations should not be used unless they have a major predictable impact on the final output characteristics. Timeliness measures are typically expressed as average days it takes for a customer to receive a product or service or as the percentage goods or services provided within prescribed time frames. Quality measures gauge conformance to objective use requirements and are typically expressed as the number of defects in the product as reported by the customer or number of customer complaints reported. Customer satisfaction is a measure of conformance to customer expectations. Customer satisfaction is best measured directly with customer surveys.

Exhibit Fund-12 Performance & Quality Measures

CASH MANAGEMENT PLAN

Component: _____

Activity group: _____

(Dollars in Thousands)

Provide a monthly *and* cumulative phasing of disbursements, collections, and net outlays for the current and budget year(s). Put each year on a separate page.

Current Year

	Disbursements	Collections	Net Outlays
October			
November			
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			

	Disbursements	Collections	Net Outlays
October			
November			
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			

Exhibit Fund-13 Cash Management Plan

DEFENSE BUSINESS OPERATIONS FUND
COMPONENT/ACTIVITY GROUP:_____
REVENUE AND EXPENSES
(Dollars in Millions)

	FY PY	FY CY	FY BY1	FY BY2
Revenue				
Gross Sales	XX,XXX.X[A/]			
Operations	(XX,XXX.X)			
Capital Surcharge	(XX,XXX.X)[B/]			
Depreciation excluding Major Construction	(XX,XXX.X)			
Major Construction Depreciation	(XX,XXX.X)			
Other Income	XXX.X[C/]			
Refunds/Discounts (-)	- XXX.X			
Total Income:	XX,XXX.X [1]			
Expenses				
Cost of Material Sold from Inventory	XX,XXX.X[D]	(DeCA Resale and Supply Management Only)		
Salaries and Wages:				
Military Personnel Compensation & Benefits	XX,XXX.X			
Civilian Personnel Compensation & Benefits	XX,XXX.X			
Travel & Transportation of Personnel	XX,XXX.X			
Materials & Supplies (For internal Operations)	XX,XXX.X			
Equipment	XX,XXX.X			
Other Purchases from Revolving Funds	XX,XXX.X			
Transportation of Things	XX,XXX.X			
Depreciation - Capital	XX,XXX.X[E/]			
Printing and Reproduction	XX,XXX.X			
Advisory and Assistance Services	XX,XXX.X			
Rent, Communication, Utilities, & Misc. Charges	XX,XXX.X			
Other Purchased Services	XX,XXX.X			
Total Expenses	XX,XXX.X [2/]			
Operating Result	XX,XXX.X[E/]			
Less Capital Surcharge Reservation	XXX.X[G/]			
Plus Passthroughs or Other Appropriations Affecting NOR	X,XXX.X[H/]			
Other Adjustments Affecting NOR (Specify)	X,XXX.X[I/]			
Net Operating Result	XX,XXX.X[J/ 3/]			
Prior Year Adjustments	XX,XXX.X			
Other Changes Affecting AOR (Specify)	XX,XXX.X			
Accumulated Operating Result	XX,XXX.X			
Non-Recoverable Adjustment Impacting AOR (Specify)	XX.XXX.X			
Accumulated Operating Results for Budget Purposes	XX,XXX.X			

Note: For Supply Management, expense estimates should be consistent with estimated surcharge elements included in Exhibit SM-5a except for the current year. Current year should reflect current estimates and should not necessarily be identical to the previous budget submissions as required for the SM-5a.

Instructions for Statement of Revenue and Expenses
Keyed to Statement Footnotes

A. For supply management activity groups, the line should reflect **Gross** sales at standard. Credit returns should be displayed in the Refunds/Discounts line.

B. Capital Surcharge represents the increase in prices (and projected revenue) due to surcharging the capital budget requirement to provide sufficient cash to support the capital budget. This line should be left blank if a capital surcharge is not included in price (also see note F).

C. Other income is to include passthroughs.

D. Cost of material sold from inventory includes the value of material sold from inventory and the cost of repair. Both wholesale and retail costs should be included. The cost of material sold from inventory will be computed differently for wholesale and retail divisions. For wholesale divisions, the surcharge shall be subtracted from the sale and the inflation added. For consumable items, the intent is to reflect anticipated sales at latest acquisition price plus inflation. For repairable items, the computation becomes more complex. Sales for repairable items shall be split between sales at standard and sales at exchange price. For sales at standard, the surcharge is removed from the sales and inflation is added similar to consumable items. For sales at exchange price, the cost of material sold reflects the sales at repair cost including rate changes for the appropriate year. For retail divisions, the cost of material sold from inventory is the obligations recorded during the fiscal year.

E. Depreciation expenses reflect actual or estimated depreciation of all assets defined by the capital program.

F. This represents the "gross" result from operations, prior to adjustments.

G. Capital Surcharge reservation here should offset capital surcharge in revenue. This line is left blank when there is no capital surcharge revenue.

H. This represents any appropriations realized to offset current period expenses (e.g., Passthroughs, appropriations to cover underutilized plant capacity). Appropriations for war reserve material do not offset current period expenses, do not affect NOR, and should therefore be reported as an adjustment below NOR.

I. This includes
   (1) Transfers to correct for prior period over- or under-pricing;
   (2) Other approved transfers for collections from customers for which an expense has not been recorded;
   (3) Other collections (that are not transferred out, but placed in some sort of reserve) from customers for which an expense has not been recorded; or,
   (4) Unfunded expenses resulting from a policy change, which must be deleted prior to determining NOR.

J. The Net Operating Result (NOR) is the net result from operations. Only NOR will be carried into AOR in the Government Equity portion of the balance sheet. We are using NOR as a performance indicator of how activity groups perform in relation to the standard established.

For the supply management activity groups, expenses shall be recorded as obligations, except for depreciation and cost of material sold from inventory.

Additional line entries are required for supply management activity groups. For each element in the surcharge applying to material such as condemnations or inventory maintenance, a separate line should be added reflecting the obligations for these items.

1. *Line 8 of the CFO Statement of Operations*
2. *Line 15 of the CFO Statement of Operations*
3. *Line 18 of the CFO Statement of Operations*

Supply Management Exhibits Fund 14A. Only Supply Management Activity Groups will submit this exhibit. These exhibits have been prepared to refine the concept of a financial management (rather than fiduciary) net operating result in supply management. Its chief features are a simpler definition of material costs, an increased emphasis and more detail on "other than material" costs, and specific information on the impact of sales volume changes on financial results. The purpose of these modifications are to help focus attention on elements of supply operation that are subject to more direct management control. Supply Management Activity Groups will submit this form in the OSD budget submission in lieu of the current Fund 14 exhibit. The regular Fund 14 is still required for uniform displays of operating results in the President's budget.

Fund 14A Exhibit Part 1

SUPPLY OPERATIONS NET OPERATING RESULTS

		PY		CY		BY1	BY2
	Pres	Revised	Revised				
	BUDGET	SALES	COSTS	BUDGET	REVISED	BUDGET	BUDGET
Gross Sales							
Reimbursements							
Other Income							
Less Credits							
Less Allowances/Discounts							
Plus Appropriations							
NET REVENUE							
Sales at LAC/LRC							
Inflation							
Repair Price Change							
Condemnations							
Less Credits							
Net Cost of Goods Sold Whsl							
Net Cost of Goods Sold Retail							
Supply Ops (Net)							
Payroll (mil/civ)							
Service Contracts							
RPM							
Depreciation							
Other							
Dist Depots							
Lines							
Storage							
DLSC/DAASO/DRMS							
DISA							
DFAS							
Transportation							
Other							
Subtotal Expenses							

Fund 14A Operating Results Worksheet

Part 1

Page 1 of 3

SUPPLY OPERATIONS NET OPERATING RESULTS

		PY		CY		BY1	BY2
	Pres	Revised	Revised				
	BUDGET	SALES	COSTS	BUDGET	REVISED	BUDGET	BUDGET
Loss/Damage/Spoilage							
Wholesale							
Retail							
AOR Adjustment							
Capital Surcharge							
Subtot Surcharge ($) Surcharge (%)							
Subto Net Sales/Actual							
Less AOR Adj							
Reimb Expenses							
Other							
NET DEDUCTIONS							
NET OPERATING RESULT							

Fund 14A Exhibit – Part 2
(Worksheet for Actual AOR)
SUPPLY OPERATING PRICING

	PY Est	Actual
+ Gross Sales (At Standard)	_____	_____
+ Reimbursables (At Cost)	_____	_____
+ Other Income	_____	_____
- Credit Returns	_____	_____
- Allowances/Discounts	_____	_____
+ Appropriations/Other	_____	_____
Subtotal Net Revenues (1176)	_____	_____
Collections (check)	_____	_____
Wholesale Materiel Costs		
@ LAC _____	_____	
@ LRC _____	_____	
Inflation	_____	_____
Repair Price Change	_____	_____
Condemnations	_____	_____
- Credit Returns	_____	_____
Subtotal Net Cost of Goods Sold (Wholesale)	_____	_____
Subtotal Net Cost of Goods Sold (Retail obs/sales)_____		_____
Operating Costs	_____	_____
+Other Gains/Losses	_____	_____
Capital Surcharge	_____	_____
Net Deductions	_____	_____
Disbursements (check)	_____	_____
Supply Operating Result (SOR) _____	_____	
Pricing Adjustment Required (Act SOR-PY Est SOR)		_____

This worksheet will be used to prepare and justify adjustments to Accumulated Operating Results for rate calculation purposes

FY ___ BUDGET FUEL DATA	PROCURED FROM DFSC			PROCURED BY SERVICE			DATE
PRODUCT	BARRELS (millions)	COST PER BARREL ($)	EXTENDED PRICE ($ millions)	BARRELS (millions)	COST PER BARREL ($)	EXTENDED PRICE ($ millions)	STABILIZED PRICE
TOTAL							

Exhibit Fund-15 Fuel Data
Page 1 of 2

Instructions for the Preparation of Exhibit Fund-15 Fuel Data

The purpose of Fund-15, Fuel Data, is to provide a reconciliation between the supply management, the Defense Logistics Agency, and the customer budgets. Prepare Fund-15 for prior year actual, current year, and budget year(s). The Defense Stock Fund will prepare the exhibit for those stocks procured by DFSC only. Prepare exhibit for each division which procures fuel and a consolidated exhibit. Instructions for preparation of Fund-15, Fuel Data:

1. Barrels. Use 42 gallons per barrel. Show barrels in nearest tenth of million barrels.

2. Cost Per Barrel. Use cost in dollars and cents per barrel.

3. Extended Price. Multiply number of barrels by cost per barrel. Use dollars in millions and tenths of a million.

4. Product. List by product.

5. Stabilized Price. Show current approved stabilized price.

DEFENSE BUSINESS OPERATIONS FUND
COMPONENT/ACTIVITY GROUP:_____

MATERIAL INVENTORY DATA

(Dollars in Millions)
FISCAL YEAR

		------- Peacetime ------	
Total	**Mobilization**	**Operating**	**Other**

Material Inventory BOP

Purchases

A. Purchases to Support Customer Orders (+)
B. Purchase of long lead items in advance of customer orders (+)
C. Other Purchases (list) (+)
D. Total Purchases

Material Inventory Adjustments

A. Material Used in Maintenance (and billed/charged to customer orders) (-)
B. Disposals, theft, losses due to damages (-) *
C. Other reductions (list) (-)
D. Total inventory adjustments

Material Inventory EOP

Complete one exhibit for each fiscal year, FY PY, FY CY, FY BY1, and FY BY2 for the **non-supply** activity groups (depot maintenance, etc.). Price inventory based on current policy on inventory valuation.

* This would also include reductions due to obsolescence. All other reasons for inventory reductions would be listed in item C.

Exhibit Fund-16 Material Inventory Data

DEPARTMENT OF (COMPONENT NAME)
Activity group: _____

Summary of Real Property Maintenance Expenses
($ in Millions)

	FY PY	FY CY	FY BY1	FY BY2
Amount Funded:				
Recurring Maintenance (preventive/cyclical)				
Major Repair Projects (put things back to the way they were)				
Total Funded Amount				
Backlog - End of Year (BMAR) (not more than 4 years old)				

[Provide narrative explanations of changes in the funded program and the unfunded backlog. Also discuss existing policies, if any, relative to acceptable levels of backlogs or goals to eliminate backlogs, as applicable. Provide milestones where appropriate.]

Exhibit Fund-17 Summary of Real Property Maintenance

Fund Summary by
Component:_____
Date:_____

($ in Millions)

Part I Operating and Capital Budget

	Operating Budget (Total Cost)				Capital Budget (Obligations)				Appropriation Request			
Activity group	PY	CY	BY1	BY2	PY	CY	BY1	BY2	PY	CY	BY1	BY2

Summarize data from detail schedules. Round data to the nearest tenth of a million (e.g., show $10.4 million, not $10 million).

Component Total

Part II Work Load Assumptions

Indicate, by activity group, the overall work load change (in percent) from year to year. Describe the basis for the estimated changes.

Part III Productivity Assumptions Incorporated into Estimated Costs and Prices

Summarize, by activity group and in percentage terms, the estimated productivity assumed in estimating costs and setting prices.

Part IV Performance Measures

Summarize, by activity group, primary performance measures for business outputs which describe effectiveness, timeliness, quality, or customer satisfaction.

Exhibit Fund-18 Fund Summary

Military and Civilian Personnel

by End Strength and Full-Time Equivalencies (FTEs)

Service or Agency: _____

Activity group: _____

Personnel Summary:	**FY PY**	**FY CY**	**FY BY1**	**FY BY2**	**Change FY CY/FY BY1**	**Change FY BY1/FY BY2**
Active Military End Strength						
Army						
Officer						
Enlisted						
Navy						
Officer						
Enlisted						
Marine Corps						
Officer						
Enlisted						
Air Force						
Officer						
Enlisted						
Total Active Military End Strength 1/						
Civilian End Strength						
U.S. Direct Hire						
Foreign National Direct Hire						
Foreign National Indirect Hire						
Total Direct Hire						
Total Civilian End Strength 2/						

1/ Military end strength will agree with the amounts shown on the Fund-20 Exhibit entitled, "Military Personnel, End Strength by Grade."

2/ Civilian end strength and FTE data will agree with the directly funded amounts reflected on lines 1 through 5 of the Fund-21 Exhibit entitled, "Civilian Personnel Costs by Activity group."

Exhibit Fund-19 Military and Civilian Personnel by End Strength and FTEs

Military and Civilian Personnel
by End Strength and Workyears/FTEs

Service or Agency: _____

Activity group: _____

Personnel Summary:	**FY PY**	**FY CY**	**FY BY1**	**FY BY2**	**Change FY CY/FY BY1**	**Change FY BY1/FY BY2**
Military Workyears						
Army						
Officer						
Enlisted						
Navy						
Officer						
Enlisted						
Marine Corps						
Officer						
Enlisted						
Air Force						
Officer						
Enlisted						
Total Military Workyears						
Civilian FTEs						
U.S. Direct Hire						
Foreign National Direct Hire						
Total Direct Hire						
Foreign National Indirect Hire						
Total Civilian FTEs						

Military Personnel, Work years by Grade 1/
Total Program

Service or Agency: _____
Activity group: _____

	FY PY	FY CY	FY BY1	FY BY2
Commissioned Officers				
0-10 (enter rank)				
0-9 " "				
0-8 " "				
0-7 " "				
0-6 " "				
0-5 " "				
0-4 " "				
0-3 " "				
0-2 " "				
0-1 " "				
Total				
Warrant Officers				
W-4 (enter rank)				
W-3 " "				
W-2 " "				
W-1 " "				
Total				
Total Officers				
Enlisted Personnel				
E-9 (enter rank)				
E-8 " "				
E-7 " "				
E-6 " "				
E-5 " "				
E-4 " "				
E-3 " "				
E-2 " "				
E-1 " "				
Total				

1/ Excludes active duty personnel paid from Civil Functions, Reserve, and Guard appropriations.

2/ Entry rank if different from Service.

3/ The workyears shown will be calculated bases on the prior three years average fill rate. The fill rate is calculated by dividing actual on board by the authorized amount for each grade. Reimbursement will be calculated based upon the workyears multiplied by the civilian equivalency rate for each grade..

Exhibit Fund-20 Military Personnel, Work Years by Grade (Active)

Service or Agency: _____
Activity group: _____

Civilian Personnel Costs by Activity group
FY BY1/FY BY2 Budget Submit/President's Budget
FY _(PY/CY/BY1/BY2)
($ in Thousands)

	FTE Begin Strength Total	FTE Begin Strength FTP	FTE End Strength Total	FTE End Strength FTP	FTEs	Basic Comp	Over-time Pay	Holiday Pay	Other	Total Variables	Total Comp	Benefits	Compensation & Benefits
	a	b	c	d	e	f	g	h	i	j	k	l	m
1. Direct Hire Civilian:													
a. U.S. Employees					Use these formulas to calculate average salaries and rates (col x/col y)								
(1) Classified & Admin													
(a) Senior Executive													
(b) General Schedules													
(c) Special Schedules													
Subtotal Classified & Admin						(F/E)				(J/F)	(K/E)	(L/F)	(M/E)
(Rate)													
(2) Wage Board													
(Rate)													
(3) Other													
(Rate)													
Subtotal U.S. Employees													
(Rate)													
b. Foreign National Direct Hire													
(Rate)													
c. Total Direct Hire													
(Rate)													
d. Disadvantaged Employment					Display end strength, workyear, and funding data for disadvantaged employment. Show data for all years.								
(Rate)													
2. Foreign National Indirect Hire					Do not display FTP or benefit data for FN Indirect Hire								
(Rate)													
3. FN Separation Liability Accrual													
a. FN Direct Hire													
b. FN Indirect Hire													
4. Benefits for Former Employees (OC-13)													
a. U.S. Direct													
b. FN Direct Hire													
5. TOTAL CIVILIAN PERSONNEL													
(Rate)													

CIVILIAN PERSONNEL COSTS
Fund-21 Exhibit Instructions

Separate Fund-21 exhibits must be prepared for PY, CY, BY1, BY2 for each Military Department in total and for each appropriation/fund in which civilian personnel are funded. Exhibit Fund-21 is a modified OP-8 Exhibit. A modified OP-8 Exhibit can be submitted in lieu of the Fund-21 Exhibit.

Rate data on the Fund-21 exhibit should be shown parenthetically. To calculate the required rate data, use the formulas displayed on the Fund-21 Exhibit. Show the average salary for Basic Compensation, overall salary for Total Compensation, and FTE cost for Compensation and Benefits. Show the other rate data, as a percentage in decimals to five places, for total variables and benefits.

Full-time equivalent end strength (FTE) vice end strength authorizations will be displayed for all beginning and ending end strengths. FTE end strength is the actual or estimated number of employees on board as of 30 September. The beginning FTE end strength must agree with previous FY's September 30 FTE end strength.

Display end strength for disadvantaged employment. Display disadvantaged employment for all years. The approved FTE employment estimates will include persons appointed under the Workers Trainee Opportunity Program, Federal Cooperative Education Program, and the Federal Junior Fellowship Program, as well as certain other programs that in the past were referred to as "Ceiling Exempt

In accordance with the Federal Employees Part-Time Career Employment Act of 1978 (Public Law 95-437), only part-time permanent employees are counted on a full time equivalent basis, i.e., an individual working 30 hours a week becomes .75 of an end strength. There is no adjustment for other part-time or intermittent employees - these employees would be counted on an individual basis not on a fractional basis.

Consult either DoDI 7330.18 or the Office of Personnel Management's Federal Personnel Manual (FPM) for definitions of full-time employees with permanent appointments (FTP). FTP (Full-Time Permanent), according to OMB Circular A-11, is the number of full-time employees with permanent appointments that are on board, or planned to be on board, as of the end of each fiscal year displayed. Such entries will exclude anticipated vacancies. Do not display FTP for Indirect Hire Foreign Nationals. Consult the DoDI or FPM to determine if your Foreign National Direct Hire employees are considered FTP employees.

Do not include overtime workyears in FTE totals. The FTEs on the Fund-21 exhibit are straight-time FTEs only. Where applicable, the BA-3 exhibit supporting the President's budget must agree with the FTE on the automated computer reports printed from the "Budget Review System" (BRS) and with the personnel summary data included in the program and financing schedules (galleys) for the printed budget. (See OMB Circular A-11.)

For the PY supporting the FY BY President's budget request, the end strength data must agree with the SF-113A, Monthly Report of Federal Civilian Employment, provided to OPM to report military functions employment levels as of 30 September.

-Direct hire FTE end strength data on the Fund-21 exhibit must agree with data provided on the 30 September supplement to the SF-113A report. This supplement is entitled, Report of Part-Time Permanent Employees on a Fractional Basis.
-Indirect hire end strength data must agree with the Indirect Hire supplement to the 30 September SF-113A report.
-The FTP end strength data must agree with data provided on line 30, Full-Time with Permanent Appointments, of the 30 September SF-113A.

Civilian Personnel Direct Funding (#7) will be total Civilian Personnel (#5) less reimbursable funding (#6). Provide end strength, FTE, and funding reimbursable data for all of the columns. Appropriations/funds (e.g., Defense Business Operations Fund, etc.) that are not funded with budget authority show all of the data as reimbursable so that "0" will be displayed in every column on the "Civilian Personnel Direct Funding" (#7) line.

DEPARTMENT OF (COMPONENT NAME)
Activity group: _____

Summary of Base Support
($ in Millions)

	FY PY	FY CY	FY BY1	FY BY2
Chapel & Chaplain Services				
Command Element				
Common Use Facility Operations, Maintenance, Repair, & Construction				
Disaster Preparedness				
Environmental Compliance				
Fire Protection				
Libraries				
Morale & Fitness Support	Provide narrative explanations of changes in levels of support that, as a tenant, is a reimbursable cost of operation paid to a host activity or, as the host activity, is financed as a direct cost of operation.			
Police Services				
Safety				
Shuttle Services				
Admin Services				
Audio/Visual Services				
ADP/Automation Services				
Civilian Personnel Services				
Clubs				
Communication Services				
Community Support Services				
Confinement & Detention Centers				
Custodial Services				
Education Services				
Engineering Support				
Equipment, Operation, Maintenance, & Repair				
Explosive Ordnance				
Facilities & Real Property Support				
Facility Maintenance & Repair				
Finance & Accounting				
Food Services				
Health Services				
Housing & Lodging Services				
Information Services				
Installation Retail Supply & Storage Operation				
Laundry & Dry Cleaning				
Legal Services				
Military Personnel Support				
Mobilization Support				
Mortuary Services				
Printing & Reproduction				
Purchasing & Contracting Services				
Refuse Collection & Disposal				
Resource Management				
Training Services				
Transportation Services				
Utilities				
Weather Services				
Other Support				

Exhibit Fund-22 Summary of Base Support

Department of: (Service or Component Name)
Activity group: _____

Statement of Financial Condition
Part I

	(Dollars in Millions)			
	FY PY	**FY CY**	**FY BY1**	**FY BY2**
Revenues and Financing Sources				
1. Appropriated Capital Used				
2. Revenues from Sales of Goods and Services				
a. Gross Revenue from Sales				
b. Less: Credits Allowed on Sales				
3. Other Revenue and Financing Sources				
4. Total Revenues and Financing Sources				
Expenses				
5. Program or Operating Expenses				
6. Cost of Goods Sold and Services Provided				
7. Depreciation and Amortization				
8. Bad Debts and Write-offs				
9. Other Expenses				
10. Total Expenses				
11. Revenue Less Cost Incurred Before Extraordinary Items				
12. Plus (Minus) Extraordinary Items				
13. Net Operating Results				
14. Plus (Minus) Nonrecoverable Amounts				
15. Recoverable Operating Results				

Department of: (Service or Component Name)
Activity group: _____

Statement of Financial Condition
Part II

	(Dollars in Millions)			
	FY PY	**FY CY**	**FY BY1**	**FY BY2**
Assets:				
Selected Assets:				
Cash				
(Available for Operations)				
(Required for Capital Purchases)				
Accounts Receivable				
Advances Made				
Inventories				
Other Assets				
Capital Property (Net)				
Total Assets 1/				
Liabilities:				
Selected Liabilities:				
Accounts Payable				
Accrued Liabilities				
Advances Received				
Unfunded Liabilities				
Other Liabilities				
Total Liabilities 2/				
Government Equity:				
Appropriations/Reappropriations				
Paid-in Capital (Assets Capitalized Less Liabilities Assumed)				
Earnings Used for Operations				
Accumulated Operating Results				
Total Government Equity				
Total Liabilities and Equity 3/				

1/ Line 1M of the CFO Statement of Financial Position
2/ Line 4C of the CFO Statement of Financial Position
3/ Line 7F of the CFO Statement of Financial Position

DEPARTMENT OF (COMPONENT NAME)
ACTIVITY GROUP:_____

Summary of Personnel Data - Part I

	FY PY	FY CY	FY BY1	FY BY2
Direct Labor:				
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
FTEs				
Production Overhead (Indirect):				
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
FTEs				
General & Administrative (G&A):				
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
Full-time Equivalencies (FTEs)				
Total:				
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
Total FTEs:				
Percent Direct Labor				
Percent Production Overhead				
Percent G&A Labor				
Percent Production Overhead and General and Administrative				
Hours per FTE				
End Strength				
FTE Utilization Rate				

Show civilian personnel data in hours, FTEs, workyears, or end strength, as requested. Exclude military personnel from all data.

Compute FTEs by dividing the applicable total number of hours by the number of hours in a work year.

Show the percent of total FTEs which are direct labor, production overhead, general & administrative, and the sum of production overhead plus general and administrative FTEs.

Show the number of hours per FTE used to convert hours to FTEs for each fiscal year.

Show total end strength levels.

FTE utilization rates are calculated by dividing the total number of FTEs by the quotient of:

$$\frac{\text{E/S Begin year + E/S End Year}}{2}$$

Exhibit Fund-24 Summary of Personnel Data

DEPOT MAINTENANCE
DEPARTMENT OF (COMPONENT NAME)
ACTIVITY GROUP:_____

Summary of Personnel Data - Part II

		Civilian Personnel FTEs	Military Personnel Workyears
1.	FY PY Actual Levels: (Direct Labor) Production Overhead) (General & Administrative)	Enter total FY PY FTEs. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
2.	FY CY President's Budget (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY CY FTEs provided for in the FY CY President's budget. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
3.	Productivity Initiatives and Other Efficiencies: a. b. c. (etc.)	Show changes in FY CY FTEs due to productivity initiatives or other efficiencies.	
4.	Program Changes: a. b. c. (etc.)	Show changes in FY CY FTEs due to all changes other than productivity initiatives or other efficiencies shown in 3. above.	
5.	FY CY Current Estimate (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY CY FTEs provided for in the current FY CY estimate. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
6.	Productivity Initiatives and Other Efficiencies: a. b. c. (etc.)	Show changes in FY BY1 FTEs due to productivity initiatives or other efficiencies.	
7.	Program Changes: a. b. c. (etc.)	Show changes in FY BY1 FTEs due to all changes other than productivity initiatives or other efficiencies shown in 6. above.	
8.	FY BY1/FY BY2 Estimates (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY BY1/FY BY2 FTEs by direct labor, overhead, & general & administrative efforts. Provide the same track between BY1 & BY2 as is required between CY & BY1.	

Headquarters
Component:_____
Activity group:_____
Date:_____

Headquarters Organization (specify)	**FY PY**	**FY CY**	**FY BY1**	**FY BY2**
		($ in Millions)		
Cost of Operations:				
Civilian and Military Personnel				
Travel				
Contract Services				
Supplies				
Equipment				
Other				
Total				
Capital Purchases (Program Year Authority):				
ADP & Telecommunications Equipment				
Non-ADP & Telecommunications Equipment				
Minor Construction				
Software Development				
Total				
End Strength/FTEs:				
Civilian				
SES				
GS				
WB				
Total				
Military				
Officers				
Enlisted				
Total				

(This exhibit should be filled out for each organizational headquarters whose costs are financed through the Fund, i.e., HQ Staff, Major Command, Intermediate Level Command, or Base Level. Headquarters should include support organizations whose incremental costs are necessitated by the existence of DWCF activities, such as Regions, Service Centers, or Divisions, but which do not directly provide goods or services.)

Exhibit Fund-25 Headquarters Cost

Revenue and Expense Phasing Plan
Component: _____
Activity group: _____

FY ____

(Dollars in Thousands)

Monthly Plan

	Revenue	Costs	Net Operating Result
October			
November			
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			

Instructions: Provide a monthly and cumulative phasing of revenue, costs, and net operating results for the current and budget years.

Cumulative Plan by Month

	Revenue	Costs	Net Operating Result
October			
November			
December			
January			
February			
March			
April			
May			
June			
July			
August			
September			

Exhibit Fund-26 Revenue and Expense Phasing Plan

Defense Finance and Accounting Service
Customer Funding Summary
Component: _____

FY ____

Billing	**Estimated**	**Total**
Rate ($)	**Workload**	**Cost ($ in thousands)**

Output Measure

(List DFAS output measures and billing rates for budget years.)

Funding Requirement

Appropriation/Activity group	**Amount**

(List by appropriation DFAS reimbursements from DWCF activity groups)

The Components should provide in their budget narrative an estimate of the DFAS cost for each business are and complete the Fund-27, DFAS Customer Funding Summary.

Exhibit Fund-27 DFAS Customer Funding Summary

EXECUTION PERFORMANCE
Quarterly Analysis

For Quarter:_____

FY CY
_____(Component and Activity group name)

PERFORMANCE MEASURES	PLAN CURRENT QUARTER	ACTUAL	DEVIATION	ANNUAL PLAN	PROJECTED END YEAR	PROJECTED DEVIATION
UNIT COST						
TOTAL ORDERS RECEIVED	Show actual fiscal year to date, Budget amount and Projected year end amount only.					
NOR ($ in M)						
REVENUE ($ in M)						
COST ($ in M)						
OUTLAYS ($ in M)						
COLLECTIONS ($ in M)						
DISBURSEMENTS ($ in M)						
ACCOUNTS RECEIVABLES ($ in M)						
NEW ADVANCE BILLINGS CURRENT FY						
TOTAL UNLIQUIDATED ADVANCE BILLINGS						

ANALYSIS

RECOMMENDED ACTIONS:

YEAR END PROJECTION ASSUMPTIONS:

Exhibit Fund-28 Execution Performance Quarterly Analysis

Civilian Personnel Execution Performance
Quarterly Analysis

Activity group_____ **Date**_____

	End Strength		Work Years (FTE's)	
	PLAN	**ACTUAL**	**PLAN**	**ACTUAL**
As of End of PY				
As of End of Current Quarter				
Projected as End of Current FY				

RIF's (E/S and date)
(Cost $ in Millions)

VSIP/VERA (E/S and date)
(Cost $ in Millions

ATTRITION RATE (Plan vs. Actual)

DIRECT LABOR HOURS — Show Actual Fiscal Year to Date hours only. This DLH section does not apply to Supply, DeCA, DISA, or TRANSCOM Activity Groups.

Regular Hours
Overtime Hours

ANALYSIS

RECOMMENDED CORRECTIVE ACTIONS

Exhibit Fund-29 Civilian Personnel Execution Performance Quarterly Analysis

Unutilized and Underutilized Plant Capacity (UPC)
Component: _____
ACTIVITY GROUP:_____ DATE:_____
PART I.

The purpose of this exhibit is to display plant capacity indices and mobilization funding requirements for WCF industrial activities. Unutilized (Reserve) or Underutilized Plant Capacity costs are not to be included in the DWCF rate structure. Unutilized capacity associated with the ability to provide capability in excess of any known or projected requirement is not a mobilization requirement and is not funded with UPC funds. This exhibit applies to all activities of industrial activity groups whether or not that activity group has an activity (or activities) where their respective Service is identifying UPC funding in the corresponding Service Operation and Maintenance (O&M) budget submission. Thus, at a minimum, the capacity-related indices for items numbered one through three will be completed for each industrial activity.

	FY PY	FY CY	FY BY 1	FY BY 2
Activity Group				
Activity #1				
1. Total Capacity Index (DLHs/100 percent)				
2. Utilized Capacity Index (DLHs/"x" percent)				
3. Reserve Capacity Index (DLHs/"x" percent)				
4. Funded UPC ($ in Millions)				
Activity #2				
1. Total Capacity Index (DLHs/100 percent)				
2. Utilized Capacity Index (DLHs/"x" percent)				
3. Reserve Capacity Index (DLHs/"x" percent)				
4. Funded UPC ($ in Millions)				
Total Funded UPC ($ in Millions)				

PART II. For each activity with an amount in the *Funded UPC* category in Part I above, the following is required:

A. Narrative describing the nature of these UPC costs being incurred at the activity. Provide justification as to what is being accomplished with these funds.

B. Breakdown of costs by element.

	($ in Millions)			
	FY PY	FY CY	FY BY 1	FY BY 2
Real Property Maintenance				
Equipment Maintenance				
Utilities				
Other (specify)				
Total				

Unutilized and Underutilized Plant Capacity (UPC)
Component: _____
Activity group:_____ Date:_____

Notes:

(1) The *Total Capacity Index* is calculated in accordance with the instructions in Chapter Three of DoD 4151.18-H (Depot Maintenance Capacity and Utilization Measurement Handbook). This index represents the amount of work load, expressed in actual Direct Labor Hours (DLHs) that an activity can effectively utilize annually on a single shift 40-hour week basis, while producing the product mix that the activity is designed to accommodate.

(2) The *Utilized Capacity Index* is expressed in DLHs and represents the amount of DLHs required by the activity to execute funded work load requirements. The associated percentage is that portion of the *Utilized Capacity Index* to the *Total Capacity Index*.

(3) The *Reserve Capacity Index* is expressed in DLHs and represents capacity that is not utilized but is being retained for sound reasons of military mobilization and surge necessity. The associated percentage is that portion of the *Reserve Capacity Index* to the *Total Capacity Index*.

(4) The *Funded UPC* is determined by applying the following general rule: *Any month during which mobilization facilities are not used, or if utilized only 20 percent or less of available work days, the pro-rata support costs for those facilities will be included in the UPC funding.* Mobilization program expenses related to UPC may include both maintenance and labor costs related to the program. The amount reported is funded in the respective Service O&M budget submission.

(5) *Total Funded UPC* is the Activity Group cumulative amount.

(6) In Part II, items reported in the cost element *Other* should be fully identified. This could include items of a military-unique nature and, if so, should be sufficiently described.

CHAPTER 10
PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS
Table of Contents

1001 GENERAL 1
100101 Purpose 1
100102 Background 1
100103 General 2
100104 Submission Requirements 2
100105 Preparation of Material 2
100106 References 2
1002 BUDGET ESTIMATES SUBMISSION 3
100201 Purpose 3
100202 Submission Requirements 3
1003 CONGRESSIONAL JUSTIFICATION/PRESENTATION 5
100301 Purpose 5
100302 Submission Requirements 5
1004 PUBLIC ENTERPRISE, MANAGEMENT AND TRUST FUND FORMATS 7
100401 Purpose 7
100402 Exhibits in Support of Section 1002 - Budget Estimates Submission 8

CHAPTER 10

June 2000

PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS

1001 GENERAL

100101 Purpose

A. This chapter highlights the policies and justification procedures underlying budget formulation and congressional justification. The provisions of Volume 11B "Reimbursable Operations, Policy and Procedures – Working Capital Funds (WCF)," of the DoDFMR, and of Chapter 9, sections 090103 (with the exception of sub-paragraphs D.8., E, and K) and 090104 of this volume apply to the Pentagon Reservation Maintenance Revolving Fund. The provisions of Volume 11B and paragraphs 090103 (without any exception) and 090104 of this volume also apply to the Buildings Maintenance Fund.

B. The following accounts are covered:

Section
1002

Public Enterprise Funds
- National Defense Stockpile Transaction Fund
- Pentagon Reservation Maintenance Revolving Fund
- National Defense Sealift Fund
- Buildings Maintenance Fund

Management Funds
- Conventional Ammunition Working Capital Fund (Ceases operating as a revolving fund at the end of FY 1998. Will process existing orders on hand through Revolving Fund Accounts until complete.)

Trust Funds
- National Security Education Trust Fund
- Surcharge Collections, Sales of Commissary Stores, Defense
(see Section 010603 for listing of all current trust fund accounts)

100102 Background

A. Public Enterprise Funds are expenditure accounts authorized by Congress to be credited with collections, primarily from the public, that are generated by, and earmarked to finance, a continuing cycle of business-type operations.

B. Trust Funds. The following definitions apply to trust fund accounts.

1. Trust fund receipt account. Trust fund receipt accounts are credited with receipts generated by the terms of a trust agreement or statute. At the point of collection, these receipts are available for transfer to a trust fund expenditure account or are not available for transfer depending upon the terms of the trust agreement or statutory authority.

2. Trust fund expenditure account. Trust fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute.

3. Trust revolving fund account. A trust revolving fund is a single account that is authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type

operations in accordance with the provisions of the trust agreement or statute. Trust revolving fund receipts are available for obligation and expenditure without further action by Congress.

4. Unavailable collections. Are either (1) unappropriated receipts or receipts that are precluded from obligation because of a provision of law, such as a benefit formula or limitation on obligations in PY, CY, or BY1/BY2, or (2) collections unavailable for obligation because of limitations on obligations in PY, CY, or BY1/BY2. Section 36.6 of OMB Circular A-11 provides instructions on MAX Schedule N on unavailable collections for trust funds and O&M special funds which Federal agencies must include in their annual budget submission to OMB.

100103 General

A. In general, DoD trust funds authorized to incur obligations and expend receipts have been exempted from apportionment by OMB. However, the Surcharge Collections, Sales of Commissary Stores, Defense trust revolving fund, and the National Security Education Trust Fund are subject to apportionment by OMB. However, each trust fund must be viewed as a unique fund in light of any special provisions in the trust agreement or the enabling legislation.

B. Trust funds have been assigned account symbols between 8000 and 8999. Within this range trust revolving funds have been assigned symbols between 8400 and 8499. Some trust funds used by DoD are:

- Surcharge Collections, Sales of Commissary Stores, Defense
- National Security Education Trust Fund

C. The Conventional Ammunition Working Capital Fund ceases operations as a Revolving Fund at the end of FY 1998. This activity will become a direct funded activity under the cognizance of the Single Manager for Conventional Ammunition. The SMCA will provide budget data for this revised organization.

100104 Submission Requirements

General guidance with regard to submission requirements is presented in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1. Chapter 10 covers specific back-up material requirements for the above areas.

100105 Preparation of Material

General guidance with regard to format and preparation of material is presented in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1. Chapter 10 provides additional specific guidance with regard to the back-up material required for Public Enterprise, Management Fund and Trust Fund accounts.

100106 References

The DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1 provides funding policies to be adhered to include those that impact other appropriations/accounts. Chapter 9 provides guidance related to Defense Working Capital Funds accounts. Certain exhibits required by this chapter are found in Section 0904 of Chapter 9.

1002 BUDGET ESTIMATES SUBMISSION

100201 Purpose

A. This section highlights the policies and justification procedures underlying budget formulation for Public Enterprise, Management Fund, and Trust Fund accounts.

100202 Submission Requirements

A. Public Enterprise Funds.

1. The Defense Working Capital Funds (Fund) schedules referenced here are in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 9. The O&M type exhibits (PB, OP) are found in Volume 2A, Chapter 3 and Volume 2B, Chapter 19. Fund budget-type exhibits as noted below should be submitted for the OSD/OMB budget review.

- National Defense Stockpile Transaction Fund
  Exhibits Fund-1, 1a, 2, 4, 11, 14, 17, 21, & 23.

- Pentagon Reservation Maintenance Revolving Fund
  Exhibits Fund-1, 1a, 2, 3, 7, 9a, 9b, 11, 12, 14, & 23. *OP-8 & 9. PB-22.*

- Building Maintenance Fund
  Exhibits Fund-1, 1a, 2, 3, 7, 9a, 9b, 11, 12, 14, & 23. *OP-8 & 9. PB-22.*

- National Defense Sealift Fund (NDSF)
  Exhibits Fund-1a, 2, 11, & 12.

2. The instructions and formats for the preparation of the NDSF required procurement and RDT&E exhibits are included in the DoD Financial Management Regulation (DoD 7000.14-R), Chapters 4 and 5, respectively.

Procurement/Ship Acquisition:

- Budget Item Justification Sheet (P-40)
- Weapon System Cost Analysis (P-5)
- Analysis of Ship Cost Estimates (P-8a/8b)
- Advance Procurement Analysis (P-10/10a)
- Ship Production Schedule (P-27)
- Ship Outfitting Costs (P-29)
- Ship Post Delivery Estimates (P-30)

National Defense Features (NDF):

- Budget Item Justification Sheet (P-40)

RDT&E:

- Budget Item Justification Sheet (R-2)
- Program Element/Project Cost Breakdown (R-3)

3. Additional data required by OMB Circular A-11 will be submitted in the fall in accordance with annual DoD Comptroller budget guidance.

B. Management and Trust Funds - For Trust Funds, Trust Revolving Funds and other Management Funds, program and financing, and object classification schedules will be submitted for each account. The budget authority for each trust fund account must agree with the amounts reported against the applicable receipt accounts as required by DoD accounting guidance related to offsetting receipts. The receipt accounts are published in Treasury's Federal Account Symbols and Titles. For the Defense Commissary Agency, a footnote to the program and financing schedule will show the value of the obligations for renovation/construction of commissaries included in total obligations of the trust revolving fund.

C. Special Budget Exhibits - Unique data pertaining to a particular fund are required as follows:

National Defense Stockpile

- Stockpile Financial Status Report (SP-1)

Pentagon Reservation Maintenance Revolving Fund

- Cost of Services (PR-1)
- Summary Statement (PR-2)

Buildings Maintenance Fund

- Cost of Services (PR-1)
- Summary Statement (PR-2)

Surcharge Collections, Sales of Commissary Stores, Defense

- Summary (CT-1)
- Facility Programs Justification (CT-2)

National Defense Sealift Fund (NDSF)

Ready Reserve Force (RRF):

- Budget Item Justification Sheet (RRF-1)
- Ship Composition Funding Requirements (RRF-2)
- Ship Readiness Operational Status (ROS) Composition (RRF-3)

D. Budget exhibits will be submitted in accordance with the schedule published annually in DoD Comptroller budget guidance. Formats and instructions for preparation of the Special Exhibits are provided Section 1004.

E. All NDSF related budget justification materials should be submitted directly to the Director for Investment, room 4B917. In addition to the DWCF schedules, procurement, and RDT&E exhibits referenced in paragraph 100202.A above, the special exhibits identified above must be included in the NDSF justification budget backup book for both the OSD and Congressional submissions. The backup book should include a table of contents, a computer generated FYDP funding report identifying each business area, and each business area/section should be tabbed.

1003 CONGRESSIONAL JUSTIFICATION/PRESENTATION

100301 Purpose

This chapter provides the policies and procedures to guide the development of budget justification and supporting narrative to be submitted by Components to the DoD Comptroller in development of congressional justification material.

100302 Submission Requirements

A. Guidance is applicable to the following DoD Public Enterprise, Management Funds, and Trust Funds:

Public Enterprise Funds

(1) National Defense Stockpile Transaction Fund
(2) Buildings Maintenance Fund
(3) Pentagon Reservation Maintenance Revolving Fund
(4) National Defense Sealift Fund

Management Funds

(5) Conventional Ammunition Working Capital Fund
Ceased operations as a Revolving Fund on September 30, 1998. All orders on hand as of that date will be processed through the fund until completed.

Trust Funds

(6) National Security Education Trust Fund
(7) Surcharge Collections, Sales of Commissary Stores, Defense

B. The table on the following page presents the exhibit requirements to be submitted as part of the President's budget for the Funds identified in paragraph A. above. Additional budget justification material to accompany the President's budget may be prescribed by separate DoD Comptroller budget guidance.

EXHIBIT/SCHEDULE REQUIREMENTS

Fund	Prog & Financ.	Rev & Exp.	Finan. Cond.	Obj Class	Pers Summary	Status of Contr Auth
(1)	X	X	X	X		
(2)	X	X	X	X	*X*	
(3)	X	X	X	X	*X*	
	Fund-2, Fund 9a/9b, Fund-11, PR-1, PR-2					
(4)	X			X		
	P-5, P-8a/8b, P-10/10a, P-27, P-29, P-30, P-40, R-2, R-3, RRF-1, RRF-2, RRF-3					
(5)	X			X		
(6)	X			X		
(7)	X			X		

Public Enterprise Funds

(1) National Defense Stockpile Transaction Fund
(2) Building Maintenance Fund
(3) Pentagon Reservation Maintenance Revolving Fund
(4) National Defense Sealift Fund

Management Funds

(4) Conventional Ammunition Working Capital Fund Ceased operations as a Revolving Fund on September 30, 1998. All orders on hand as of that date will be processed through the fund until completed.

Trust Funds

(5) National Security Education Trust Fund
(6) Surcharge Collections, Sales of Commissary Stores, Defense

1004 PUBLIC ENTERPRISE, MANAGEMENT AND TRUST FUND FORMATS

100401 Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

100402 Exhibits in Support of Section 1002 - Budget Estimates Submission

CT-1 Surcharge Collections, Sales of Commissary Stores Summary 9
CT-2 Facility Programs Justification 10
PR-1 Pentagon Reservation Maintenance Revolving Fund Cost of Services 11
PR-2 Pentagon Reservation Maintenance Revolving Fund Summary Statement 12
SP-1 Stockpile Financial Status Report 13
RRF-1 Budget Item Justification 15
RRF-2 Ship Composition Funding Requirements 16
RRF-3 Ship Readiness Operational Status (ROS) Composition 17

Surcharge Collections, Sales of Commissary Stores, Defense

Summary

($ in Millions)

	FY PY col. of CY PB	FY PY	FY CY col. of CY PB	FY CY	FY BY1	FY BY2
OBLIGATIONS						
Operating Expenses	Provide operations, equipment, and construction obligations for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, the BY1, and the BY2.					
Equipment						
Construction						
Total Obligations (a)						
DISBURSEMENTS						
Disbursement of Prior Year Obligations	Provide disbursements of prior year obligations and current year disbursements for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, the BY1, and the BY2.					
Current Year Disbursements						
Total Disbursements (*b*)						
COLLECTIONS						
Revenue (*c*)	Provide revenue for the six years above.					
NET OUTLAYS (*d*) (*b-c=d*)						
CASH: Begin Year (*e*)						
Net Outlays (*f*)	Provide cash estimates for the six years above.					
End Year (*g*) (*e-f=*g)						
Unliquidated Obligations	Provide year-end unliquidated obligations for the six years above.					
Unobligated Balance Beginning of Year (h)	Provide unfunded contract authority for the six years above.					
Unobligated Balance End of Year (i)						
Unfunded Contract Authority Requested (j) (a-c-h+I=j)						

Exhibit CT-1 Surcharge Collections, Sales of Commissary Stores Summary

Surcharge Collections, Sales of Commissary Stores, Defense

Facility Programs Justification

($ in Millions)

LOCATION	DESCRIPTION	TOTAL COST	REMARKS

Provide a DD Form 1391 for each FY BY1 and FY BY2 proposed project.

List the location of each proposed construction project for FY CY, FY BY1, and FY BY2.

Description should include whether each project is a new store, add/alter, minor construction, energy conservation, etc.

Total cost is self-explanatory.

Remarks should provide narrative justification for and a description of each project.

Exhibit CT-2 Facility Programs Justification

Pentagon Reservation Maintenance Revolving Fund
Cost of *Basic* Services
($ in Millions)

	FY PY	FY CY	FY BY1
1. Operated Space (Average Square Feet) *			
2. Unit Cost of Operations ($) **			
Cleaning			
Maintenance			
Utilities & Fuel			
Protection			
Other Building Services			
Administration			
Total Unit Cost for Basic Services			
(Multiply by) Billable Space (Sq. Ft.)			
(Equals) Total Cost of Basic Services			

* Excludes reimbursable "above standard" services.

** Cleaning, maintenance, utilities and fuel, protection, other building services, and administration estimates should equal the cost of each function divided by the billable space square feet for the relevant fiscal year.

Exhibit PR-1 Pentagon Reservation Maintenance Revolving Fund Cost of Services

Pentagon Reservation Maintenance Revolving Fund
Summary Statement
($ in Millions)

	Obs.	Orders	Rev.	Cost	(Disbursements by Fiscal Year) FYPY	FYCY	FYBY1	FYBY2	FYBY2+1	FYBY2+2	FYBY2+3	FYBY2+4
Pentagon Renovation												
FY PY			N/A	N/A								
FY CY			N/A	N/A								
FY BY1			N/A	N/A								
FY BY2			N/A	N/A								
Other Capital Purchases (specify each)												
FY PY			N/A	N/A								
FY CY			N/A	N/A								
FY BY1			N/A	N/A								
FY BY2			N/A	N/A								
Operating Budget												
FY PY												
FY CY												
FY BY1												
FY BY2												
Total												
FY PY BY2												
FY CY												
FY BY1												

Obligations, new customer orders, revenue, and costs for the PY, CY, BY1, and BY2 years for the Pentagon Renovation, Other Capital Purchases, and Operating Budget (reimbursable services and basic services noted in Exhibit PR-1) should be provided. Disbursements of PY, CY, BY1, and obligations for each category are also requested. Beginning of Year (BOY) cash, collections, disbursements, and End of Year (EOY) cash for the PY, CY, BY1, and BY2 years is also requested.

Cash	**BOY**	**Collections**	**Disbursements**	**EOY**
FY PY				
FY CY				
FY BY1				
FY BY2				

Exhibit PR-2 Pentagon Reservation Maintenance Revolving Fund Summary Statement

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND
Stockpile Financial Status Report
YEAR (CY, BY1, BY2)
(Dollars in Millions)

	CY	***BY1***	***BY2***
Treasury Cash Balance, End of Prior Year			
Plus Collections			
Minus Disbursements			
Plus/Minus:			
Transfer 1 (label)			
Transfer 2 (label)			
.			
.			
.			
Transfer n label			
Sub-Total Transfers			
Equals: Cash Balance			
Costs			
Labor			
Non-labor			
Acquisitions and Upgrades			
Unliquidated Obligations			
Total Costs			

Cash Balance

1. Purpose. The purpose of this report is to provide information on the financial status of the National Defense Stocklpile.

2. Submission. This exhibit will reflect information starting from the end of the prior year, the Current Year (CY), the budget year (BY1), and the Budget Year plus 1(BY2) in support of the OSD/OMB and President's budget submissions. End of prior year should be the actual amount reflected on approved accounting reports.

Exhibit SP-1 Stockpile Financial Status Report

INSTRUCTION FOR PREPARATION OF EXHIBIT SP-1
STOCKPILE FINANCIAL STATUS REPORT

1. Purpose. The purpose of this report is to provide information on financial status of the National Defense Stockpile.

2. Submission. This exhibit will be submitted for the prior year (PY), the current year (CY), budget year 1 (BY1), and budget year 2 (BY2) in support of the OSD/OMB and President's budget submissions.

3. Entries:

a. Annual Program addresses transaction during the year involving current year funds only.

b. Total addresses all transactions including adjustments and balances from previous years' transactions.

Ready Reserve Force (RRF)
Budget Item Justification

RRF	FY PY-1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
O&M									
Acquisition				Provide annual funding requirements for the RRF.					
Other (specify)									
Total RRF									

Purpose: Justification for the FYs BY-BY+5 budget request: Provide a narrative justification and sufficient justification for the funding requested

FY BY Submission
Month/Year
Exhibit RRF-2

Ready Reserve Force (RRF)
Ship Composition Funding Requirements

RRF	FY PY-1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
O&M									
Ship Types									
Breakbulk									
ROS-4									
ROS-5									
etc.									
	Provide annual funding requirements for each ship type by ROS category.								
	Specify funding by O&M, acquisition and other (specify Other categories consistent with the RRF-1 exhibit).								
Ro/Ros									
ROS-4									
ROS-5									
etc.									
Total O&M									
Acquisition									
Ship Types									
Total Acquisition									
Other									
Ship Types									
Total Other									
Total RRF									

Exhibit RRF-2 Ship Composition Funding Requirements

Ready Reserve Force (RRF)
Ship Readiness Operational Status (ROS) Composition

RRF Ship Types	FY PY-1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
Ro/Ros									
(ROS Status ROS-4)									
(ROS Status ROS-5)									
(ROS Status etc.)									
Total Ro/Ros									
Breakbulk									
(ROS Status ROS-4)									
(ROS Status ROS-5)									
(ROS Status etc.)									
Total Breakbulk									
etc.									
Totals									
(ROS Status ROS-4)									
(ROS Status ROS-5)									
(ROS Status etc.)									
Total RRF Fleet									
New Acquisitions									
Retirements									

Provide the composition of the RRF by FY for each ship type, i.e.; Breakbulk, Ro/Ros Tankers etc. Specify ships consistent with the RRF-2 exhibit.

Exhibit RRF-3 Ship Readiness Operational Status (ROS) Composition

CHAPTER 11
OFFSETTING RECEIPTS
Table of Contents

1101 GENERAL **1**
110101 Purpose 1
1102 BUDGET ESTIMATES SUBMISSION **1**
110201 General Instructions 1
110202 Special Instructions - Receipt account 3041, Recoveries under the Foreign Military Sales Program 2

CHAPTER 11

★June 2000

OFFSETTING RECEIPTS

1101 GENERAL

110101 Purpose

This chapter prescribes budget justification requirements for offsetting receipts consistent with the provisions of OMB Circular No. A-11.

1102 BUDGET ESTIMATES SUBMISSION

110201 General Instructions

A. Each Military Department will include offsetting receipts in their annual September initial budget submission. See Volume 2A, Chapter 1, for general guidance on submission requirements. *DoD receipt account structures are reported in the Budget Structure Listing of the Comptroller Information System which is available on the SIPRNET home page of the OUSD (Comptroller).*

B. Each Military Department will also submit actual data on receipts in millions of dollars for the prior year and estimated receipts for the current year, biennial budget years 1 and 2, and the outyears. These estimates will include the impact of all known proposed legislation. A copy of the receipts listing in the form of a spreadsheet as of the end of the prior fiscal year will be provided to the Military Departments by OUSD(C). The Military Departments will update these listings (legible, hand-written markup is acceptable) and return them to the Directorate for Program and Financial Control, Office of the Deputy Comptroller (Program/Budget), Room 3B872 for review and, ultimately, input to OMB. Submittal due date will be established by OSD based on certification to the Treasury of actual execution data for the prior fiscal year.

C. If a DoD component proposes legislation which would impact DoD offsetting receipts and such impact is not included in the estimates submitted by the Military Departments, then the DoD component proposing the legislation will submit to OUSD(C) P/B the impact of the proposed legislation for each Treasury receipt account affected.

D. Amounts reported should include all collections credited to the component's receipt accounts, including "F" (clearing) accounts if applicable (e.g., receipt account 3875), and should exclude collections credited to receipt accounts of other DoD components. Receipts will be reported on the basis of collections credited to receipt accounts during the year, plus or minus any adjustments during the year. Amounts for the prior year will agree with receipts reported to Treasury on the Treasury Combined Statement. Only zero (0) estimates are permitted in the current year, biennial years 1 and 2, and the outyears for "F" accounts. For indefinite appropriations of receipts (Wildlife Conservation, Military Reservations; special fund accounts; and trust fund accounts), the amount of estimated collections will be equal to the related estimates of appropriations (budget authority).

E. New entries will be titled in accordance with Treasury's Federal Account Symbols and Titles. Include the 2-digit Treasury agency prefix for each account, but do not include the "F" in clearing-account codes. Enter in the appropriate columns the type of receipt and applicable function and the amounts for each account involved. Proposed legislation will be identified by the addition after the Treasury receipt account symbol of the letter "L" for new legislation.

F. Where the Treasury Department has assigned decimal suffixes to the symbol (e.g., 21-8927.1, etc.), amounts will be reported separately for each suffix.

G. Each receipt account will be identified as to governmental, proprietary, intragovernmental, Federal intrafund, trust intrafund, inter-fund transactions, etc., as specified in OMB Circular A-11.

H. Receipts data is required for DoD-Military as well as DoD-Civil accounts.

110202 Special Instructions - Receipt account 3041, Recoveries under the Foreign Military Sales Program

Additional detail is required for this account, subdivided into the following categories for PY, CY, BY, BY+1, and the outyears:

1. Nonrecurring RDT&E and production costs and royalty fee collections;
2. Sale of principal/major items from stock which do not require replacement;
3. Sale of excess stock fund and procurement secondary items from stock;
4. Charges for the use of DoD assets (including asset use charges or contractor rental payments); and
5. Charges for unfunded civilian retirement costs.

CHAPTER 12
DEFENSE HEALTH PROGRAM
Table of Contents

1201 GENERAL 1
120101 Purpose 1
120102 Submission Requirements 1
120103 Preparation of Material 1
120104 References 1
1202 BUDGET ESTIMATES SUBMISSION 2
120201 Purpose 2
120202 Submission Requirements 2
1203 CONGRESSIONAL JUSTIFICATION/PRESENTATION 3
120301 Purpose 3
120302 Submission Requirements 3
1204 DEFENSE HEALTH PROGRAM SUBMISSION FORMATS 4
120401 Purpose 4
120402 Unique Exhibits in Support of the Defense Health Program 5

CHAPTER 12
DEFENSE HEALTH PROGRAM

1201 GENERAL

120101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for the Defense Health Program.

B. The following appropriations are covered as subsections of the Defense Health Program appropriation:

- Operation and Maintenance
- Procurement
- *Research, Development, Test and Evaluation*

120102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 12 covers specific backup material requirements for the above accounts. The ASD(HA) should also consult all of the other chapters of this regulation for exhibit requirements that are not specifically addressed in this chapter including Chapter 19 - Special Analyses. The ASD(HA) is also responsible for providing data to update the Budget Review System (BRS) and the Future Years Defense Program (FYDP) automated systems for the Defense Health Program appropriation. The Military Components must *reconcile all DHP personnel data with, and* submit *all* proposed military and civilian medical *personnel* changes to the BRS and FYDP through Health Affairs -- TRICARE Management Activity (Resource Management).

120103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 12 provides additional specific guidance with regard to the back-up material required for the Defense Health Program.

120104 References

Chapter 3 provides guidance related to Operation and Maintenance costs, Chapter 4 provides guidance and formats related to Procurement appropriations, *and Chapter 5 provides guidance and formats related to Research, Development, Test and Evaluation appropriations.*

1202 BUDGET ESTIMATES SUBMISSION

120201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Defense Health Program. The budget estimates consist of all operation and maintenance, procurement, *and research, development, test and evaluation* resources that support the medical activities that were consolidated into the Defense Health Program.

120202 Submission Requirements

A. The *Assistant* Secretary of Defense (Health Affairs) is responsible for submitting all exhibits required for the operation and maintenance, procurement, *and research, development, test and evaluation appropriations* as specified in Chapters 3, 4, *and 5* respectively. The Assistant Secretary of Defense (Health Affairs) is also responsible for submitting exhibit requirements specified in the other chapters of this regulation including Chapter 19 – Special Analyses.

B. In addition, the Cost of Medical Activities Exhibit (PB-11, PB-11A, PB-11B) will be prepared and submitted to the Office of the USD (Comptroller). Formats for these exhibits are provided at the end of this Chapter. Two copies of each exhibit should be provided to Office of the USD(C) P/B Operations and Personnel Directorate, Room 3D868, the Pentagon.

1203 CONGRESSIONAL JUSTIFICATION/PRESENTATION

120301 Purpose

A. This Section presents the exhibit requirements for submission to Congress. Examples of budget exhibits can be found in Section 1204.

120302 Submission Requirements

A. The Assistant Secretary of Defense (Health Affairs) is responsible for submitting all exhibits required for the operation and maintenance, procurement, *and research, development, test and evaluation* appropriations as specified in Chapters 3, 4, and 5 respectively. The Assistant Secretary of Defense (Health Affairs) is also responsible for submitting exhibit requirements specified in the other chapters of this regulation including Chapter 19 – Special Analyses.

B. In addition, the cost of Medical Activities Exhibit (PB-11, PB-11A, PB-11B) will be prepared and submitted to the Office of the Under Secretary of Defense (Comptroller) (USD(C)). Formats for these exhibits are provided at the end of this Chapter. Two copies of each exhibit are provided at the end of this Chapter. Two copies of each exhibit should be provided to the OUSD (C) , Program/Budget, Operations and Personnel Directorate, Room 3D868, the Pentagon.

C. Two Copies of the PBA-9 (Medical Programs Exhibit for the O&M Overview) will be due to the OUSD(C), Program/Budget, Operations and Personnel Directorate at the time that the President's budget exhibits are due. The required format for the PBA-9 is provided at Chapter 3, Section 0304.

D. The OP-5 exhibit and other supporting exhibits will be prepared for each of the following activities. Meaningful performance criteria should be displayed for each activity.

- In-House Care
- Private Sector Care
- Consolidated Health Support
- Information Management
- Management Activities
- Education and Training
- Base Operations/Communications

1204 DEFENSE HEALTH PROGRAM SUBMISSION FORMATS

120401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, the formats should be followed.

120402 Unique Exhibits in Support of the Defense Health Program

PB-11 Defense Health Program Funding Summary 6
PB-11A Defense Health Program Personnel Summary 14
PB-11B Medical Workload Data 17

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Defense Health Program Funding Summary
(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2Change $	BY1-BY2Change (%)
Operation and Maintenance										
In-House Care										
Private Sector Care										
Consolidated Health Support										
Information Management										
Management Activities										
Education and Training										
Base Operations/Communications										
Subtotal Operation and Maintenance										
Procurement										
Dental Equipment										
Food Ser, Preventive Med, Pharmacy Equip										
Medical Information System Equipment										
Medical Patient Care Administrative Equip										
Medical/Surgical Equipment										
Other Equipment										
Pathology/Lab Equipment										
Radiographic Equipment										
Subtotal Procurement										

Submitting Components should refer to the FYDP Structure Management (FSM) System as described in section 010702 of Chapter 1 of this volume to ensure that Health program FYDP program elements shown on this format are current.

Exhibit PB-11 Defense Health Program Funding Summary
(Page 1 of 8)

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Defense Health Program Funding Summary
(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2Change $	BY1-BY2Change (%)
Research, Development, Test and Evaluation										
Congressionally Directed Programs										
Information Technology Development										
Subtotal RDT&E										
Total Defense Health Program										

Exhibit PB-11 Defense Health Program Funding Summary
(Page 2 of 8)

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group
(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
IN-HOUSE CARE										
08077000 Defense Medical Centers, Hospitals & Medical Clinics - CONUS										
08079000 Defense Medical Centers, Hospitals & Medical Clinics - OCONUS										
08077150 Dental Care Activities - CONUS										
08079150 Dental Care Activities - OCONUS										
Subtotal In-House Care										
PRIVATE SECTOR CARE										
08077230 *TRICARE* Managed Care Support (MCS) Contracts										
08077130 Purchased Health Care										
Subtotal Private Sector Care										
CONSOLIDATED HEALTH SUPPORT										
08017200 Examining Activities										
08077140 Other Health Activities										
08077050 Military Public/Occupational Health										
08077600 Veterinary Services										
08077240 Military Unique Requirements - Other Medical										
08077250 Aeromedical Evacuation System										
08077850 Armed Forces Institute of Pathology (AFIP)										
Subtotal Consolidated Health Support										
INFORMATION MANAGEMENT										
08077910 MHS Tri-Service Information Management/Information Technology										

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group
(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
MANAGEMENT ACTIVITIES										
08077980 Management Headquarters										
08077090 TRICARE Management Activity										
Subtotal Management Activities										
EDUCATION AND TRAINING										
08067220 Armed Forces Health Professions Scholarship Program										
08067210 Uniformed Services University of the Health Sciences										
08067610 Other Education and Training										
Subtotal Education and Training										
BASE OPERATIONS/COMMUNICATIONS										
08077760 Minor Construction – CONUS										
08079760 Minor Construction – OCONUS										
08077780 Maintenance and Repair - CONUS										
08079780 Maintenance and Repair – OCONUS										
08062760 Facilities Restoration and Modernization – CONUS										
08863760 Facilities Restoration and Modernization – OCONUS										
08062780 Facilities Sustainment – CONUS										
08063780 Facilities Sustainment - OCONUS										
08077790 Real Property Services - CONUS										
08079790 Real Property Services - OCONUS										
08077950 Base Communications - CONUS										
08079950 Base Communications - OCONUS										
08077960 Base Operations - CONUS										
08079960 Base Operations - OCONUS										
08077530 Environmental Conservation										
08077540 Pollution Prevention										
08077560 Environmental Compliance										
08077900 Visual Information Systems										
Subtotal Base Ops/Comm										
TOTAL DHP - OPERATION AND MAINTENANCE										

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group

(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
SPECIAL INTEREST O&M ITEMS										
Private Sector Care										
Total Managed Care Support (MCS)										
Administrative Costs										
Health Care Costs										
Dental Programs										
Family Member Dental Program										
Selected Reserve Dental Program										
Uniformed Services Family Health Plan (USFHP)										
National Mail Order Pharmacy										
Custodial Care										
TRICARE Senior Prime										
Supplemental Care										
Other										

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group

(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
SPECIAL INTEREST O&M ITEMS										
(Included under the Private Sector Care Special Interest Items)										
Service Non-Central Medical Information Management/Information Technology Programs (includes associated Base Communications requirements)										
08077140 Other Health Activities										
Regional Management (Lead Agents, Healthcare Support Offices, Regional Medical Commands)										
Medical Services Squadrons										
Central Medical Laboratories										
Army Medical Department Field Procurement Offices and Central Design Activity										
Patient Related Travel										
Family Advocacy Programs										
Other										
Total Other Health Activities										
08077240 Military Unique Requirements - Other Medical										
Physiological Training Units										
Drug Abuse Detection Laboratories										
Military Blood Program Agency										
Optical Repair/Fabrication Laboratories										
Armstrong Laboratory										
Health Facilities Offices										
Medical Logistics Offices										
Medical Support Offices										
Navy Medical Logistics Command										
Readiness Activities (including Medical Wartime Hospital Integration Office)										
Walter Reed Army Institute of Research										
Other										
Total Military Unique Requirements – Other Medical										
Per Capita Cost per user (Source: Resource Analysis & Planning System (RAPS) database)										

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Procurement Funding

(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
08077200 Initial Outfitting										
Dental Equipment										
Food Svc, Preventive Med, Pharmacy Equip										
Medical Information System Equipment										
Medical Patient Care Administrative Equip										
Medical/Surgical Equipment										
Other Equipment										
Pathology/Lab Equipment										
Radiographic Equipment										
Subtotal Initial Outfitting										
08077210 Replacement & Modernization										
Dental Equipment										
Food Svc, Preventive Med, Pharmacy Equip										
Medical Information System Equipment										
Medical Patient Care Administrative Equip										
Medical/Surgical Equipment										
Other Equipment										
Pathology/Lab Equipment										
Radiographic Equipment										
Subtotal Replacement & modernization										
Total - Procurement										

Exhibit PB-11 Defense Health Program Funding Summary
(Page 7 of 8)

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Research, Development, Test and Evaluation Funding

(Dollars in Thousands)

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	PY-CY Change $	PY-CY Change (%)	CY-BY1 Change $	CY-BY1 Change (%)	BY1-BY2 Change $	BY1-BY2 Change (%)
63115 Medical Development										
65502 Small Business Innovative Research (SBIR) Program										
65013 Information Technology Development										

DEPARTMENT OF DEFENSE
DEFENSE HEALTH PROGRAM
Personnel Summary

	FY PY Actual		FY CY Estimate		FY BY1 Estimate		FY BY2 Estimate		CY-BY1 Change		BY1-BY2 Change	
	End Strength	Avg Strength	End Strength	Avg Strength	End Strength	Avg Strength	End Strength	Avg Strength	End Strength	Avg Strength	End Strength	Avg Strength
Active Military – Assigned to DHP												
Army Total												
Officers												
Enlisted												
Navy Total												
Officers												
Enlisted												
Air Force Total												
Officers												
Enlisted												
Total Active Duty												
Officers												
Enlisted												
Active Military - Non DHP Medical												
Army Total												
Officers												
Enlisted												
Navy Total												
Officers												
Enlisted												
Air Force Total												
Officers												
Enlisted												
Total Active Duty												
Officers												
Enlisted												

DEPARTMENT OF DEFENSE
DEFENSE HEALTH PROGRAM

Personnel Summary

	FY PY Actual		FY CY Estimate		FY BY1 Estimate		FY BY2 Estimate		CY-BY1 Change		BY1-BY2 Change	
	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs
I. Civilian Personnel - US Direct Hire												
Army												
Navy												
Air Force												
TRICARE Management Activity												
Total												
II. Civilian Personnel - Foreign National Direct Hire												
Army												
Navy												
Air Force												
Total												
III. Civilian Personnel - Foreign National Indirect Hire												
Army												
Navy												
Air Force												
Total												
IV. Total Civilian Personnel												
Army												
Navy												
Air Force												
TRICARE Management Activity												
Total 1/												
V. Summary Civilian Personnel												
U.S. Direct Hire												
Foreign National Direct Hire												
Foreign National Indirect Hire												
Total, Civilians 1/												

1/ Includes reimbursable civilians - memo

Exhibit PB-11A Defense Health Program Personnel Summary
(Page 2 of 3)

DEPARTMENT OF DEFENSE
DEFENSE HEALTH PROGRAM

Personnel Summary

	FY PY Actual		FY CY Estimate		FY BY1 Estimate		FY BY2 Estimate		CY-BY1 Change		BY1-BY2 Change	
	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs	End Strength	FTEs
SPECIAL INTEREST MANPOWER (End Strength)												
TRICARE Regional Lead Agents:												
Military End Strength												
Civilian End Strength												

Exhibit PB-11A Defense Health Program Personnel Summary
(Page 3 of 3)

DEFENSE HEALTH PROGRAM
Medical Workload Data

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	CY-BY1 Change	BY1-BY2 Change
Population - Average Eligible Beneficiaries						
Active Duty						
Active Duty Dependents						
CHAMPUS Eligible Retirees						
CHAMPUS Eligible Dependents of Retirees						
Subtotal CHAMPUS Eligibles						
Over 65 Eligible Beneficiaries						
Total Average Eligible Beneficiaries						
Population - Average MHSS Reliants/Users						
Active Duty						
Active Duty Dependents						
CHAMPUS Eligible Retirees						
CHAMPUS Eligible Dependents of Retirees						
Subtotal CHAMPUS Eligibles						
Over 65 Eligible Beneficiaries						
Total Average MHSS Reliants/Users						
Enrollees - Direct Care (Enrollment Based Capitation)						
TRICARE Region 1						
TRICARE Region 2						
TRICARE Region 3						
TRICARE Region 4						
TRICARE Region 5						
TRICARE Region 6						
TRICARE Region 7						
TRICARE Region 8						
TRICARE Region 9						
TRICARE Region 10						
TRICARE Region 11						
TRICARE Region 12 (HI and AK)						
Total Regions 1-*12*						

Exhibit PB-11B Medical Workload Data
(Page 1 of 4)

DEFENSE HEALTH PROGRAM
Medical Workload Data

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	CY-BY1 Change	BY1-BY2 Change
Enrollees - Direct Care (Enrollment Based Capitation)						
Overseas						
Total Direct Care						
Enrollees (Managed Care Support Contract)						
TRICARE Region 1						
TRICARE Region 2						
TRICARE Region 3						
TRICARE Region 4						
TRICARE Region 5						
TRICARE Region 6						
TRICARE Region 7						
TRICARE Region 8						
TRICARE Region 9						
TRICARE Region 10						
TRICARE Region 11						
TRICARE Region 12 (HI and AK)						
Total MCS Contracts						
Infrastructure						
Hospitals/Medical Centers						
Operating Beds						
Medical Clinics						

DEFENSE HEALTH PROGRAM
Medical Workload Data

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	CY-BY1 Change	BY1-BY2 Change
Direct Care System Workload ***(from MEPRS)***						
Dispositions						
Inpatient Work Units (IWUs)						
Occupied Bed Days						
Average Length of Stays (Bed Days/Disposition)						
Total Ambulatory Visits						
Total Ambulatory Work Units (AWUs)						
Ambulatory Procedure Visits (APVs)						
Dental Workload (Composite Time Values (CTVs))						
CONUS						
OCONUS						
Total CTVs						
CONUS						
Active Duty						
Non-Active Duty						
Total CONUS						
OCONUS						
Active Duty						
Non-Active Duty						
Total OCONUS						

DEFENSE HEALTH PROGRAM
Medical Workload Data Exhibit

	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	CY-BY1 Change	BY1-BY2 Change
Private Sector Workload						
Managed Care Support Contracts *(TRICARE Prime and Extra)*						
Inpatient Admissions						
Outpatient Visits						
TRICARE Standard						
Inpatient Admissions						
Outpatient Visits						
Overseas CHAMPUS						
Inpatient Admissions						
Outpatient Visits						
Family Member Dental Program						
Enrollees						
Selective Reserve Dental Program						
Enrollees						
TRICARE Dental Program						
Enrollees						
Uniformed Services Family Health Plan (formerly USTF)						
Enrollees (DoD only)						
Special Demonstrations						
Federal Employees Health Benefits Program (FEHBP)						
Enrollees						
TRICARE Senior Prime (TSP)						
Enrollees						

CHAPTER 13
DEFENSE ENVIRONMENTAL RESTORATION
Table of Contents

1301 GENERAL 1
130101 Purpose 1
130102 Submission Requirements 1
130103 Preparation of Material 1
130104 References 1
130105 Definitions 1
1302 BUDGET ESTIMATES SUBMISSION 3
130201 Purpose 3
130202 Submission Requirements 3
1303 CONGRESSIONAL JUSTIFICATION/PRESENTATION 4
130301 Purpose 4
130302 Submission Requirements 4
1304 DEFENSE ENVIRONMENTAL RESTORATION PROGRAM SUBMISSION FORMATS 5
130401 Purpose 5
130402 Exhibits in Support of Defense Environmental Restoration 6

CHAPTER 13

★June 2000

DEFENSE ENVIRONMENTAL RESTORATION

1301 GENERAL

130101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for the Defense Environmental Restoration Program. The National program to manage hazardous wastes and cleanup old hazardous wastes extends to the Department of Defense. The Congress is interested in assuring that the DoD Program is complying with all the requirements levied by the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and the Superfund Amendments and Reauthorization Act (SARA) legislation. This Chapter provides the funding data necessary to respond to congressional concerns.

B. The appropriations that finance the Defense Environmental Restoration Program include the following subsections:

- Operation and Maintenance
- Procurement
- Research, Development, Test, and Evaluation (RDT&E)
- Military Construction

130102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 13 covers specific backup material requirements for the Defense Environmental Restoration Program. The Deputy Under Secretary of Defense, Environmental Security (DUSD(ES)) of the USD(A&T) is responsible for all submission requirements for this program.

130103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 13 provides additional specific guidance with regard to the back-up material required for the Defense Environmental Restoration Program.

130104 References

Chapter 1 provides general funding policies, Chapter 3 provides specific policies related to Operation and Maintenance costs, Chapter 4 provides specific policies related to Procurement appropriations, Chapter 5 provides specific policies related to RDT&E funding, and Chapter 6 provides specific policies related to Military Construction appropriations.

130105 Definitions

A. Installation Restoration Program (IRP). This subelement is a comprehensive program to identify, investigate, and cleanup contamination from hazardous substances and wastes resulting from past DoD activities on active installations and formerly-used DoD lands. This includes requirements incident to remedial action, both on-installation and off-installation (e.g., provision of permanent alternate potable water supplies to communities affected by groundwater contamination that resulted from DoD activity). Actions under this element may include:

1. Investigations to identify, confirm and quantify contamination; feasibility studies; remedial action plans and designs; and remedial or removal actions.

2. Research, development and technology demonstrations necessary to conduct cleanups.

3. Expenses associated with cooperative multi-party cleanup plans and activities.

4. Remedial actions to protect or restore natural resources damaged by contamination from past hazardous waste disposal activities.

5. Cleanup of low-level radioactive waste sites which meet the criteria of the CERCLA, as amended.

6. Remedial action construction costs.

7. Remedial action operations costs.

8. Costs of long-term monitoring.

9. Immediate actions necessary to address health and safety concerns such as providing alternate water supplies or treatment of contaminated drinking water, when the hazard results from a release from DoD property.

10. CERCLA assessments necessary prior to excessing real property assets.

11. Proportion of RCRA permit preparation associated with solid waste management units which would meet the definition of a past disposal site under CERCLA, as amended.

12. Management expenses associated with IRP, including civilian salaries.

B. Building Demolition and Debris Removal Program (BD/DR). This subelement applies to both active installations and formerly-used DoD lands. The purpose of this subelement is to plan and execute a comprehensive program to demolish and remove unsafe buildings and structures. Expenses incident to complete restoration, such as restoration of natural resources are included if such expenses are clearly and directly related to the demolition and debris removal. Demolition that is required as part of a new construction project is excluded. Actions under this element may include:

1. The demolition of buildings or the removal of debris that constitute a safety hazard on active installations.

2. The demolition of buildings or the removal of debris which constitute a safety hazard on lands formerly-used by the Department of Defense, provided such lands were transferred to state or local governments or native corporations.

C. Other Hazardous Waste (OHW). This subelement *captures* DoD clearance and cleanup requirements for Unexploded Ordnance (UXO) *at closed, transferring, and transferred (CTT) ranges. All DoD* Components participating in the Environmental Restoration Program, including FUDS, *shall program and budget for Unexploded Ordnance (UXO) cleanup at CTT ranges in the United States and its territories using the OHW subelement. OHW* does not include cleanup of active and inactive ranges at active installations. *Transferred range requirements (typically FUDS) are already in the ER, FUDS account. Transferring range requirements (typically base realignment and closure (BRAC) ranges) are in the BRAC account and funding will transfer to the appropriate Environmental Restoration account upon expiration of the BRAC account. Clearance and cleanup requirements at closed ranges are new requirements that should be budgeted in the appropriate Environmental Restoration account.*

1302 BUDGET ESTIMATES SUBMISSION

130201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Defense Environmental Restoration Program. The budget estimates consist of all operation and maintenance, procurement, RDT&E, and Military Construction resources that support the Defense Environmental Restoration Program. The Components should consult all of the other Chapters for exhibit requirements that are not specifically addressed in this Chapter including Chapter 19, Other Special Analyses.

130202 Submission Requirements

A. Based on the Department's decision to devolve the centralized Environmental Restoration, Defense (ER,D) appropriation, the ***Military Departments and applicable Defense Agencies shall incorporate separate narrative justification material for their respective programs*** and the Environmental Restoration Exhibits (ENV 30a-30e) in their Budget Estimates Submission. The DUSD (Environmental Security) is responsible for consolidating the Defense Agency budget submissions and for preparing the ENV 30a-30e exhibits for the Formerly-Used Defense Sites (FUDS). The diskette of installation level detail required by the DUSD(ES) should be forwarded together with the Components' justification material to the OUSD (C) P/B Operations and Personnel Directorate, Room 3D868, Pentagon.

B. The Components and DUSD(ES) are also responsible for providing data to update the Budget Review System (BRS) and the Future Year Defense Plan (FYDP) automated systems for the various Environmental Restoration appropriations as identified in Chapter 1 and for updating the OP-32 exhibit (Summary of Price and Program Change) identified in Chapter 3.

C. In addition to submitting the above items, the DUSD(ES) is responsible for establishing policy for the Defense Environmental Restoration Program.

1303 CONGRESSIONAL JUSTIFICATION/PRESENTATION

130301 Purpose

This Section presents the exhibit requirement for submission to the Congress.

130302 Submission Requirements

A. Based on the Department's decision to devolve the centralized Environmental Restoration, Defense (ER,D) appropriation, the ***Military Departments and applicable Defense Agencies shall incorporate separate narrative justification material for their respective programs*** and Environmental Restoration Exhibits (ENV 30a-30c) in their O&M justification books, Volume II. Environmental Restoration Exhibits (ENV 30d-e) should be submitted separately to the DUSD (Environmental Security). The DUSD (Environmental Security) is responsible for consolidating the congressional justification material for the Defense Agencies and for preparing the ENV 30a-30e exhibits for the Formerly-Used Defense Sites (FUDS).

B. The diskette of installation level detail required by the DUSD(ES) should be forwarded together with the Components' justification material to the OUSD (Comptroller) P/B Operations and Personnel Directorate, Room 3D868, Pentagon. Copy requirements are identified in Chapter 1.

C. The Components and DUSD(ES) are also responsible for providing data to update the Future Year Defense Plan (FYDP) automated systems for the various Environmental Restoration appropriations as identified in Chapter 1 and for updating the OP-32 exhibit (Summary of Price and Program Change) identified in Chapter 3.

D. Examples of budget exhibits can be found in Section 1304.

1304 DEFENSE ENVIRONMENTAL RESTORATION PROGRAM SUBMISSION FORMATS

130401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to. Formats should be titled as "Budget Estimates" for the fall budget estimate submission and as "President's Budget" for the final budget submission due *to OSD* the following *January*.

130402 Exhibits in Support of Defense Environmental Restoration

ENV-30A Funding by Priorities 7
ENV-30B Summary by Phase 8
ENV-30C Reconciliation of Increases/Decreases 10
ENV-30D Outyear Funding by Priorities 11
ENV-30E Outyear Funding by Phase 12

ENVIRONMENTAL RESTORATION PROGRAM
FY ____ BUDGET ESTIMATE
FUNDING BY PRIORITIES
Department/Activity
($ in Thousands)

	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate	BY1-CY Change	BY2-BY1 Change
I. Installation Restoration Program (IRP)						
A. Program Management and Support						
B. Hazardous and Petroleum Waste Products						
Priority 1A. High Relative Risk with Agreements						
Priority 1B. High Relative Risk without Agreements						
Priority 2A. Medium Relative Risk with Agreements						
Priority 2B. Medium Relative Risk without Agreements						
Priority 3A. Low Relative Risk with Agreements						
Priority 3B. Low Relative Risk without Agreements						
Priority 4A. Not Evaluated with Agreements						
Priority 4B. Not Evaluated without Agreements						
Remedial Action Operations						
Long Term Monitoring						
Potentially Responsible Party						
Recovery Account						
Subtotal Hazardous and Petroleum Waste Products						
Subtotal Installation Restoration Program (A+B)						
II. Other Hazardous Waste (UXO Cleanup)						
Priority 1. Imminent Threats to Human Safety						
Priority 2. Possible Threats to Human Safety						
Priority 3. Marginal Threats to Human Safety						
Priority 4. Remote Threats to Human Safety						
Not Evaluated						
Subtotal Other Hazardous Waste						
III. Building Demolition/Debris Removal Program						
A. Imminent threats to Human Safety, Health, or to the Environment						
B. Other						
Subtotal Building Demolition/Debris Removal						
Total Program						

Exhibit ENV-30A Funding by Priorities

ENVIRONMENTAL RESTORATION PROGRAM
FY ____ BUDGET ESTIMATE
FUNDING BY WORK PHASE
Department/Activity
($ in Thousands)

	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate

A. Assessments
Funding Level
Starts – # of Sites
Underway – # of Sites
Completions – # of Sites

Note: Starts = sites begun in a fiscal year
Underway = sites underway at the beginning of the fiscal year
Completions = sites completed each fiscal year
Starts + Underway - Completions for PY = Underway for the next FY.

B. Analysis/Investigations
Funding Level
Starts – # of Sites
Underway - # of Sites
Completions - # of Sites

C. Interim Actions
Funding Level
Starts - # of Sites
Underway - # of Sites
Completions - # of Sites

D. Remedial Designs
Funding Level
Starts - # of Sites
Underway - # of Sites
Completions - # of Sites

E. Remedial Action Construction
Funding Level
Starts - # of Sites
Underway - # of Sites
Completions - # of Sites

F. Remedial Action Operations
Funding Level
Starts - # of Sites
Underway - # of Sites
Completions - # of Sites

Exhibit ENV-30B Summary by Phase
(Page 1 of 2)

ENVIRONMENTAL RESTORATION PROGRAM
FY ____ BUDGET ESTIMATE
FUNDING BY WORK PHASE
Department/Activity
($ in Thousands)

	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate
G. Long Term Monitoring				
Funding Level				
Starts - # of Sites				
Underway - # of Sites				
Completions - # of Sites				
H. Potentially Responsible Party				
Funding Level				
Starts - # of Sites				
Underway - # of Sites				
Completions - # of Sites				
I. Building Demolition & Debris Removal				
Funding Level				
Starts - # of Sites				
Underway - # of Sites				
Completions - # of Sites				
J. Program Management And Support Funding Level				
Management [1]				
Workyears [2]				
DSMOA [3]				
ATSDR [4]				
Fines				
TOTAL (All Appropriations)				
Funding Level				

1. Management includes program administrative costs such as travel, training, and other support costs.
2. Workyears: costs associated with workyears for DoD salaries.
3. Defense and State Memorandums of Agreement
4. Agency for Toxic Substance and Disease Registry

Exhibit ENV-30B Funding by Phase
(Page 2 of 2)

ENVIRONMENTAL RESTORATION PROGRAM
FY ____ BUDGET ESTIMATE
DEPARTMENT OF _____
($ in Thousands)

Reconciliation of Increases/Decreases	**Amount**
I. Current Fiscal Year Estimate	
A. Functional Program Transfers (Indicate the transfers from/to other appropriations)	
1) Transfers in	
2) Transfers out	
B. Price Growth (Reflect changes in inflation rate/pay raise assumptions)	
C. Program Increases (List, by relative risk category, the program increases)	
D. Program Decreases (List, by relative risk category, the program decreases)	
II. Budget Year 1 (BY1) Request	
A. Functional Program Transfers (Indicate the transfers from/to other appropriations)	
1) Transfers in	
2) Transfers out	
B. Price Growth (Reflect changes in inflation rate/pay raise assumptions)	
C. Program Increases (List, by relative risk category, the program increases)	
D. Program Decreases (List, by relative risk category, the program decreases)	
III. Budget Year 2 (BY2) Request	

Exhibit ENV-30C Reconciliation of Increases/Decreases

ENVIRONMENTAL RESTORATION PROGRAM
FY _____ BUDGET ESTIMATE
OUTYEAR FUNDING BY PRIORITIES
Department/Activity
($ in Thousands)

	BY2 + 1 Estimate	BY2 + 2 Estimate	BY2 + 3 Estimate	BY2 + 4 Estimate
I. Installation Restoration Program				
A. Program Management & Support				
B. Hazardous and Petroleum Waste Products				
1. High Relative Risk				
2. Medium Relative Risk				
3. Low Relative Risk				
4. Not Evaluated				
5. Remedial Action Operations				
6. Long term Monitoring				
7. Potentially Responsible Party				
II. Other Hazardous Waste (UXO Cleanup)				
III. Building Demolition/Debris Removal				
Total Funding				

Exhibit ENV-30D Outyear Funding by Priorities

ENVIRONMENTAL RESTORATION PROGRAM
FY ____ BUDGET ESTIMATE
OUTYEAR FUNDING BY PHASE
DEPARTMENT/ACTIVITY
($ in Thousands)

	BY2 + 1 Estimate	BY2 + 2 Estimate	BY2 + 3 Estimate	BY2 + 4 Estimate
A. Assessments				
B. Analysis/Investigations				
C. Interim Actions				
D. Remedial Designs				
E. Remedial Action Construction				
F. Remedial Action Operations				
G. Long Term Monitoring				
H. Potentially Responsible Party				
I. Building Demolition & Debris Removal				
J. Program Management and Support				
1. Management [1]				
2. Workyears [2]				
3. DSMOA [3]				
4. ATSDR [4]				
5. Fines				
TOTAL				

1. Management includes program administrative costs such as travel, training, and other support costs.
2. Workyears: costs associated with workyears for DoD salaries.
3. Defense and State Memorandums of Agreement (DSMOA)
4. Agency for Toxic Substance and Disease Registry (ATSDR)

Exhibit ENV-30E Outyear Funding by Phase

CHAPTER 14
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES
Table of Contents

1401 GENERAL 1
140101 Purpose 1
140102 Submission Requirements 1
140103 Preparation of Material 1
140104 References 1
1402 BUDGET ESTIMATES SUBMISSION 2
140201 Purpose 2
140202 Submission Requirements 2
1403 CONGRESSIONAL JUSTIFICATION/PRESENTATION 3
140301 Purpose 3
140302 Submission Requirements 3
1404 DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES SUBMISSION FORMATS 4
140401 Purpose 4
140402 Unique Exhibits in Support of Drug Interdiction and Counter-drug Activities 5

CHAPTER 14

★June 2000

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

1401 GENERAL

140101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Drug Interdiction and Counter-drug Activities.

B. The following accounts are covered as subsections of the Drug Interdiction and Counter-drug Activities, Defense appropriation:

- Military Personnel
- Operation and Maintenance
- Procurement
- Research, Development, Test, and Evaluation (RDT&E)
- Military Construction

140102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 14 covers specific backup material requirements for the Drug Interdiction and Counter-drug Activities program. The Coordinator for Drug Enforcement Policy and Support (CDEP&S) in OASD(SO/LIC) is responsible for all submission requirements for this program. The Components are responsible for providing all needed input to CDEP&S consistent with the submission requirements and due dates established by CDEP&S.

140103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 14 provides additional specific guidance with regard to the back-up materials required for the Drug Interdiction and Counter-drug Activities program.

140104 References

Chapter 1 provides general funding policies. Chapter 2 provides specific policies and formats for the Military Personnel appropriations. Chapter 3 provides specific policies and formats related to Operation and Maintenance costs. Chapter 4 provides specific policies and formats related to Procurement appropriations. Chapter 5 provides specific policies and formats related to RDT&E funding. Chapter 6 provides specific policies and formats related to Military Construction appropriations. Chapter 16 provides specific instructions applicable to budget formulation, implementation, and congressional justification for intelligence program aggregations, and is applicable to the Defense Intelligence Counterdrug Program (DICP) of the Joint Military Intelligence Program (JDMIP) aggregation.

1402 BUDGET ESTIMATES SUBMISSION

140201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Drug Interdiction and Counter-drug Activities program. The budget estimates consist of all military personnel, operation and maintenance, procurement, RDT&E, and Military Construction resources that support the Drug Interdiction and Counter-drug Activities Program.

140202 Submission Requirements

A. The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is responsible for submitting all exhibits required supporting military personnel, operation and maintenance, procurement, RDT&E, and Military Construction requirements as specified in this Chapter to the OUSD(C) Operations and Personnel Directorate, Room 3D868 for the OSD budget submission. This includes the various exhibits for the Drug Interdiction and Counter-drug Activities program found in Section 1404, as well as other exhibits identified below but contained in Chapters 2 through 6 and the Program and Financing (P&F) Schedule requirements identified in Chapter 1. The CDEP&S is also responsible for providing data to update the Budget Review System (BRS) and the Future Years Defense Plan (FYDP) automated systems for the Drug Interdiction and Counter-drug Activities appropriation as identified in Chapter 1. The CDEP&S should check all of the chapters of this regulation for exhibit requirements, especially Chapter 19 – Special Analyses.

B. The DoD counternarcotics program will be financed in a central transfer appropriation (CTA). However, the OSD submission will reflect the actual or planned distribution of counternarcotics funds by appropriation. The following exhibits are required for the OSD submission. In addition, the CDEP&S will provide the OUSD(C) Operations and Personnel Directorate with copies of procurement and RDT&E budget exhibits for programs funded in the prior year in the Military Departments' budget that were financed with CTA funds.

Drug Interdiction and Counter-drug Activities Unique Exhibits:

PB-43 Drug Interdiction and Counter-drug Activities by Appropriation by Goal (Chapter 14)

PB-44 Drug Interdiction and Counter-drug Appropriation Summary (Chapter 14)

PB-45 Drug Interdiction and Counter-drug Summary by Project Listing by Fiscal Year (Chapter 14)

PB-47 Drug Interdiction and Counter-drug Detailed Project Description (Chapter 14)

Operation and Maintenance Exhibits:

OP-32 Summary of Price and Program Changes (Chapter 3) (automated submission also required)

Military Construction Exhibits:

DD 1390 Military Construction Program (Chapter 6)

DD 1391 Military Construction Project (Chapter 6)

Procurement Exhibits:

P-1 Procurement Programs (Chapter 4)

Research, Development, Test & Evaluation Exhibits:

R-1 RDT&E Programs (Chapter 5)

1403 CONGRESSIONAL JUSTIFICATION/PRESENTATION

140301 Purpose

This Section presents the exhibit requirements for submission to Congress.

140302 Submission Requirements

The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is required to include the following exhibits in the justification book(s) to Congress. Copy requirements are identified in Chapter 1. Examples of budget exhibits can be found in Section 1404 or as identified below:

PB-43 Drug Interdiction and Counter-drug Activities by Appropriation by Goal (Chapter 14)

PB-44 Drug Interdiction and Counter-drug Appropriation Summary (Chapter 14)

PB-47 Drug Interdiction and Counter-drug Detailed Project Description (Chapter 14)

OP-32 Summary of Price and Program Changes (Chapter 3) (automated submission also required)

DD 1390 Military Construction Program (Chapter 6)

DD 1391 Military Construction Project Data (Chapter 6)

1404 DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES SUBMISSION FORMATS

140401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

140402 Unique Exhibits in Support of Drug Interdiction and Counter-drug Activities

PB-43 Appropriation by Goal 6
PB-44 Appropriation Summary 8
PB-45 Project Listing by Fiscal Year 10
PB-47 Detailed Project Description 11

CLASSIFICATION
FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

ONDCP Goal: Title _____ *

I. Narrative Description (Statement of Requirements and Mission):

II. Description of Operations Financed/Rationale for the Budget Request:

III. Financial Summary ($ in Thousands):

		FY CY						
A. Goal Appropriation	**FY PY**	**Budget Request**	**Approp.**	**Current Estimate**	**FY BY1 Estimate**	**FY BY2 Estimate**	**FY CY/ FY BY1 Change**	**FY BY1/FY BY2 Change**

B. Reconciliation of Increases and Decreases: (See Attachment 1 for the OP-5 exhibit in Chapter 3 for format and level of detail required)

Instructions: Accompanying narrative explanations should fully justify the program. Such justification should clearly explain why increases are required or decreases occur.

* Provide a separate exhibit for each National (ONDCP) counterdrug goal by appropriation that has or will receive funds from the central drug transfer account.

IV. Performance Criteria and Evaluation:

Performance criteria should be established for each functionally area, and approval obtained from OUSD(Comptroller) prior to the budget submission. If possible, performance criteria should relate measures of effectiveness established for the counter drug program.

PB-43 Appropriation by Goal
(Page 1 of 2)

CLASSIFICATION
FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

V. **Total By Appropriations ($ in Thousands):**

	FY PY	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/ FY BY1 Change	FY BY1/FY BY2 Change
O&M						
Procurement						
RDT&E						
MILPERS						
MILCON						
Total						

PB-43 Appropriation by Goal
(Page 2 of 2)

CLASSIFICATION
FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

I. Description of Operations Financed:

II. Financial Summary ($ in Thousands):

A. Subactivity	FY PY	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/ FY BY1 Change	FY BY1/FY BY2 Change
Goal 1						
Goal 2						
Goal 3						
Goal 4						
Goal 5						
Total						

Instructions: Provide summary of counternarcotics activities by the Office National Drug Control Policy (ONDCP) Goal. Goals may be changed if necessary to meet the requirements ONDCP. No change should be made, however, without prior approval of the Office of the USD(Comptroller). For FY PY, show the amounts actually obligated and/or the amounts still available for obligation.

B. Reconciliation of Increases and Decreases:

Instructions. Prepare this section in accordance with the instructions for OP-5 Attachment 1 in Chapter 3 of the Financial Management Regulation (Volume 2A). Provide a narrative description of the increases and decreases to fully justify the program.

CLASSIFICATION
FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

III. Personnel Summary:

	FY PY	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/ FY BY1 Change	FY BY1/FY BY2 Change
Civilian FTE						

IV. Funding By Appropriation Summary:

Appropriation	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
O&M				
Procurement				
RDT&E				
MILPERS				
MILCON				
Total				

PB 44 Appropriation Summary
(Page 2 of 2)

FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

Fiscal Year XXXX

ONDCP Goal
($ in Thousands)

Project Number	JMIP	Service/Agency	Project Title	MILPERS	O&M	PROCUREMENT	RDT&E	TOTAL
Project XXXX								
Total								

Instructions: Complete exhibit for each fiscal year (Prior Year, Current Year, Budget Year 1, and Budget Year 2) and ONDCP goal. Separately list all DEP&S counterdrug projects.

PB-45 Project Listing by Fiscal Year

CLASSIFICATION
FY (BY1/BY2) Budget Submission/President's Budget
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

PROJECT CODE: (CDEP&S code number) **JMIP:** (Yes/No)

PROJECT TITLE:

GOAL: (ONDCP Goal Category/ number & title)

COMPONENT/AGENCY:

A. (U) REQUIREMENT.

B. (U) PROGRAM DESCRIPTION.

C. (U) MANAGEMENT.

D. (U) MILESTONES.

E. (U) PRIOR ACCOMPLISHMENTS.

F. (U) PLANNED ACTIVITIES.

G. (U) RESOURCE SUMMARY. ($ in Thousands)

Appropriation	FY PY	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/ FY BY1 Change	FY BY1/FY BY2 Change

(List each appropriation separately and provide a total for all appropriations.)

PB-47 Detailed Project Description

CHAPTER 15
OVERSEAS COST REPORT
Table of Contents

1501 GENERAL 1
150101 Purpose 1
150102 Submission Requirements 1
150103 Preparation of Material 1
150104 References 1
1502 BUDGET ESTIMATES SUBMISSION 2
150201 General 2
1503 CONGRESSIONAL JUSTIFICATION/PRESENTATION 3
150301 Purpose 3
150302 Submission Requirements 3
150303 Definitions 3
1504 OVERSEAS COST REPORT SUBMISSION FORMATS 5
150401 Purpose 5
150402 Exhibits in Support of Overseas Cost Report 6

CHAPTER 15

★June 2000

OVERSEAS COST REPORT

1501 GENERAL

150101 Purpose

A. This chapter provides instructions applicable to congressional justification material for the Overseas Cost Report which consists of the OP-53 Exhibit (Overseas Funding) and the OP-53A (Basing Costs).

B. The following appropriations and accounts are covered in the scope of the subsections of the Overseas Cost Report:

Section
150301

- Military Personnel appropriations (including Reserves and National Guard)
- Operation and Maintenance appropriations
- Family Housing Construction and Family Housing Operations appropriations
- Military Construction appropriations

150102 Submission Requirements

Chapter 1 provides the general guidance about submission requirements for justification material. Chapter 15 covers specific material requirements for the Overseas Cost Report.

150103 Preparation of Material

Chapter 1 stipulates the general guidance concerning format and preparation of material. Chapter 15 provides additional specific guidance with regard to the material required for the Overseas Cost Report.

150104 References

Chapter 1 provides general funding policies, Chapter 2 provides specific policies related to Military Personnel appropriations, Chapter 3 provides specific policies related to Operation and Maintenance costs, and Chapter 6 provides specific policies and formats related to Military Construction and Family Housing appropriations.

1502 BUDGET ESTIMATES SUBMISSION

150201 General

At this time there is no budget estimate submission requirement.

1503 CONGRESSIONAL JUSTIFICATION/PRESENTATION

150301 Purpose

This Section presents the exhibit requirement for submission to Congress and formats for the Overseas Cost report. Section 8125 of the FY 1989 DoD Appropriations Act (P.L. 100-463) as codified in 10 U.S.C. Section 113, requires that the Department of Defense separately identify the amounts necessary for payment of all personnel, operations, maintenance, facilities, and support costs for all DoD overseas military units and the costs of supporting all dependents who accompany DoD personnel outside the United States.

150302 Submission Requirements

A. The Overseas Cost Report consists of the OP-53 exhibit (Overseas Funding) and the OP-53A exhibit (Basing Costs). Chapter 1 contains general guidance on congressional justification material. The exhibits will include a biennial budget year 2 (FY BY2) column or section as shown in Section 1504 for all submissions in support of a biennial budget. Alternate year budget submissions will exclude the FY BY2 column or section.

B. The OP-53 addresses all funding and personnel resources related to overseas activities as defined below. The OP-53A displays basing costs.

C. Provide these exhibits to OUSD(C) P/B, Operations and Personnel Directorate, Room 3D868, the Pentagon.

D. The Military Departments will report all military personnel permanently assigned overseas and associated costs to include those assigned to Defense Agencies. Input must be identified to those countries listed later in this Chapter. Therefore, the Defense Agencies should not report data citing military personnel appropriations or line items.

150303 Definitions

The following definitions pertain to the costs to be included in Military Department and Defense Agency input:

A. Overseas costs will include amounts only from the following appropriations: military personnel; operation and maintenance; family housing operation and maintenance; family housing construction; and military construction.

B. Overseas amounts include the appropriated support of all DoD activities located outside the United States that are being performed on a permanent basis.

C. Overseas amounts also include the cost of transporting personnel, material, and equipment to and from permanent overseas locations. The overseas amounts do not include incremental costs associated with contingency operations.

D. The United States includes all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

E. Military and civilian personnel amounts will be based on the number of personnel assigned to permanent duty ashore outside the United States. Accordingly, personnel on temporary duty outside the United States are not included in the overseas amounts. Because personnel assigned to the deployed fleet are excluded from overseas troop strengths, amounts for deployed steaming days are not included.

F. Generally, funding for DoD activities in the United States in support of overseas activities is excluded. For example, overseas amounts exclude the funding of depot maintenance performed in the United States on components/aircraft used by an overseas unit. Similarly, flight/specialized training that is conducted in the United States would be excluded.

G. Basing costs include overseas Defense funding in the following areas:

(1) Family Housing Operations and Construction (All)
(2) Military Construction (All)
(3) Base Operating Support (All)
(4) Real Property Management (All)
(5) Base Communications (All)
(6) Real Estate Management (All)
(7) Environmental Activities (All)

1504 OVERSEAS COST REPORT SUBMISSION FORMATS

150401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

150402 Exhibits in Support of Overseas Cost Report

OP-53 Overseas Funding 7
OP-53A Basing Costs 14

Department of the _____

Overseas Funding

Summary

($ in Millions) [1/ 2/]

Appropriation:	**FY PY**	**FY CY**	**FY BY1**	**FY BY2** [3/]
Military Personnel (By Appn)	xxx.x	xxx.x	xxx.x	xxx.x
Operation & Maintenance (By Appn)	xxx.x	xxx.x	xxx.x	xxx.x
Family Housing, Operations	xxx.x	xxx.x	xxx.x	xxx.x
Family Housing, Construction	xxx.x	xxx.x	xxx.x	xxx.x
Military Construction	xxx.x	xxx.x	xxx.x	xxx.x
Total	xxx.x	xxx.x	xxx.x	xxx.x

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified and include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation identify significant changes in programs to include functional transfers and force level changes between the current estimate(CY) and the biennial budget year 1 (BY1) and between the BY1 and the biennial budget year (BY2).

Summarize Requirements For Each Country Listed Below and in Total:

Australia				
Belgium				
Bermuda				
Canada				
Cuba				
Denmark				
Egypt				
France				
Germany				
Greece				
Iceland				
Italy				
Japan				
Korea				
Luxembourg				
Netherlands				
Norway				
Panama				
Philippines				
Portugal				
Saudi Arabia				
Spain				
Turkey				
United Kingdom				
Other	____	____	____	____
Total	xxx.x	xxx.x	xxx.x	xxx.x

Department of the _____

Overseas Funding

Summary (Cont'd)

END STRENGTH SUMMARY:	**FY PY**	**FY CY**	**FY BY1**	**FY BY2** [3/]
Military				
Officer				
Enlisted	____	____	____	____
Total				
Civilian				
USDH				
FNDH				
FNIH	____	____	____	____
Total				

1/ Funding data must be rounded to nearest tenth of a million. Because data from the "by country section" of this exhibit is consolidated, the totals included on the summary exhibit must equal the total of individual country exhibits when added together in tenth of millions.

2/ All OP-53 appropriation exhibits should be grouped together in the submission.

3/ Exclude this column for non-biennial budget submissions.

Department of the _____

Overseas Funding - Country by Category

Military Personnel Overseas Funding

Appropriation:_____

Country: _____ [2/]	($ in Millions) [1/] **FY PY**	**FY CY**	**FY BY1**	**FY BY2**
Funding Category:				
Pay and Allowances, Officers				
Pay and Allowances, Enlisted				
Permanent Change of Station				
Total				
End Strength:				
Officer				
Enlisted				
Total				

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation, identify significant changes in programs to include functional transfers and force level changes between the CY and the BY1 and between the BY1 and the BY2.

1/ For funding data, round data to nearest tenth of a million; rounded data must add to the rounded total.

2/ Provide funding and strength data by country by categories shown. For the Active components, funding categories equate to budget activities. For the Guard and Reserve Components, the above funding break should also be used to categorize military personnel costs. Applicable countries are listed on page 1 of exhibit OP-53. Excludes funding and end strength for personnel in country in a temporary duty or field duty status.

Department of the _____

Overseas Funding - Country by Category _____

Operation and Maintenance Overseas Funding

Appropriation:_____

($ in Millions) 1/

Country: _____ 2/	**FY PY**	**FY CY**	**FY BY1**	**FY BY2**
Funding Category:				
Budget Activity				
Budget Activity				
Etc. (list all applicable budget activities)				
Total				
Civilian Full-Time Equivalents:				
USDH				
FNDH				
FNIH				
Total				

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation, identify significant changes in programs to include functional transfers and force level changes between the CY and the BY1 and between the BY1 and the BY2.

1/ For funding data, round data to nearest tenth of a million; rounded data must add to the rounded total.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Applicable countries are listed on page 1 of exhibit OP-53.

Department of the _____

Overseas Funding - Country by Category

Family Housing, Operation and Maintenance

Appropriation: _____

Country: _____ [2/]	($ in Millions) [1/] **FY PY**	**FY CY**	**FY BY1**	**FY BY2**
Funding Category:				
Operations				
Utilities				
Leasing				
Maintenance and Repair				
Total				
Civilian Full-Time Equivalents:				
USDH				
FNDH				
FNIH				
Total				

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation, identify significant changes in programs to include functional transfers and force level changes between the CY and the BY1 and between the BY1 and the BY2.

1/ For funding data, round data to nearest tenth of a million; rounded data must add to the rounded total.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. The Navy and Marine Corps resources for Family Housing operations should be treated as one appropriation. Applicable countries are listed on page 1 of exhibit OP-53.

Department of the _____

Overseas Funding - Country by Category

Family Housing, Construction

Appropriation: _____

Country: _____ [2/]	($ in Millions) [1/] **FY PY**	**FY CY**	**FY BY1**	**FY BY2**
Funding Category:				
New Construction				
Improvements				
Planning and Design				
Total				
Civilian Full-Time Equivalents:				
USDH				
FNDH				
FNIH				
Total				

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation, identify significant changes in programs to include functional transfers and force level changes between the CY and the BY1 and between the BY1 and the BY2.

1/ For funding data, round data to nearest tenth of a million; rounded data must add to the rounded total.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. The Navy and Marine Corps resources for Family Housing operations should be treated as one appropriation. Applicable countries are listed on page 1 of exhibit OP-53. **Data on this exhibit must match the Family Housing, Construction data on the Military Construction budget exhibit (C-1) submitted in support of the President's budget**.

Department of the _____

Overseas Funding - Country by Category

Military Construction

Appropriation:_____

Country: _____ [2/]	($ in Millions) [1/] **FY PY**	**FY CY**	**FY BY1**	**FY BY2**
Funding Category:				
Major Construction				
Minor Construction				
Planning and Design				
Supporting Activities				
Total				
Civilian Full-Time Equivalents:				
USDH				
FNDH				
FNIH				
Total				

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation, identify significant changes in programs to include functional transfers and force level changes between the CY and the BY1 and between the BY1 and the BY2.

1/ For funding data, round data to nearest tenth of a million; rounded data must add to the rounded total.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Applicable countries are listed on page 1 of exhibit OP-53. **Data on this exhibit must match the Family Housing, Construction data on the Military Construction budget exhibit (C-1) submitted in support of the President's budget**.

Department of the _____

Basing Costs Summary

Total

($ in Millions)

	FY PY	FY CY	FY BY1	FY BY2
Operation and Maintenance:				
Basing Costs BA-1 [1/]				
Basing Costs BA-2				
Basing Costs BA-3				
Basing Costs BA-4				
O&M Basing Costs Total				
(Total O&M Costs) [2/])				
(O&M Basing Costs as a % of Total O&M costs) [2/])				
Family Housing - Operations (All Basing)				
Family Housing - Construction (All Basing)				
Military Construction (All Basing)				
Total Basing Costs [2/]				
Total All Costs				
(Total Basing Costs as a % of Total costs) [2/]				

[1/] Base Operating Support (All)
Real Property Maintenance (All)
Base Communications (All)
Real Estate Management (All)
Environmental Activities (All)

[2/] Memo entry only for overseas activities at the total O&M appropriation level.

Exhibit OP-53A Basing Costs
(Page 1 of 2)

Department of the _____

Basing Costs (con't)

Country _____

($ in Millions)

	FY PY	FY CY	FY BY1	FY BY2
Operation and Maintenance: [1/]				
Basing Costs BA-1				
Basing Costs BA-2				
Basing Costs BA-3				
Basing Costs BA-4				
O&M Basing Costs Total				
(Total O&M Costs) [2/])				
(O&M Basing Costs as a % of Total O&M costs) [2/])				
Family Housing - Operations (All Basing)				
Family Housing - Construction (All Basing)				
Military Construction (All Basing)				
Total Basing Costs [2/]				
Total All Costs				
(Total Basing Costs as a % of Total costs) [2/]				

[1/] Base Operating Support (All)
Real Property Maintenance (All)
Base Communications (All)
Real Estate Management (All)
Environmental Activities (All)

[2/] Memo entry only.

Description of Operations Financed: For each appropriation, provide an explanation of the operations/activities financed with the funding identified. The description should include an identification of major organizations and installations.

Narrative Explanation of Changes: For each appropriation identify significant changes in programs to include functional transfers and force level changes between the current estimate(CY) and the biennial budget year 1 (BY1) and between the BY1 and the biennial budget year (BY2).

Exhibit OP- 53A Basing Costs
(Page 2 of 2)

CHAPTER 16
INTELLIGENCE PROGRAM/ACTIVITIES
Table of Contents

1601 GENERAL 1
160101 Purpose 1
160102 Submission Requirements 1
160103 Preparation of Material 1
160104 References 1
160105 Definitions and Classification 1
1602 BUDGET ESTIMATES SUBMISSION 4
160201 Purpose 4
160202 NFIP Submission Requirements 4
160203 JMIP Submission Requirements 4
160204 TIARA Submission Requirements 5
1603 CONGRESSIONAL JUSTIFICATION/PRESENTATION 6
160301 Purpose 6
160302 Organization of Justification Books 6
160303 Classification and Submission of Justification Books 6
160304 Relationship of Intelligence Congressional Justification Books with Military Department and Defense Agency Justification Books 7
1604 APPEAL PROCESS ON CONGRESSIONAL ACTIONS 9
160401 Purpose 9
160402 Classified Appeals 9
1605 AUTOMATION REQUIREMENTS 10
160501 Purpose 10
160502 Automated Command, Control, Communications, Intelligence, Surveillance and Reconnaissance (C^3ISR) Database 10
1606 INTELLIGENCE PROGRAM/ACTIVITIES SUBMISSION FORMATS 12
160601 Purpose 12
160602 Exhibit in Support of Section 1603 – Congressional Justification/Presentation 13

CHAPTER 16

★June 2000

INTELLIGENCE PROGRAM/ACTIVITIES

1601 GENERAL

160101 Purpose

A. This chapter provides instructions applicable to budget formulation, implementation, and congressional justification for Intelligence Program Aggregations.

B. The following Program Aggregations are covered in this Chapter:

- National Foreign Intelligence Program (NFIP) – Defense elements

- Joint Military Intelligence Program (JMIP)

- Tactical Intelligence and Related Activities (TIARA)

160102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 16 covers specific material requirements for the NFIP, JMIP and TIARA.

160103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 16 provides additional specific guidance with regard to the material required for the Intelligence Program Aggregations.

160104 References

The Office of the Director for Program Analysis and Evaluation maintains a listing of program elements (PEs) in the Future Years Defense Program (FYDP) making up certain intelligence programs. For details, please contact the POC for the FYDP Structure Management (FSM) system. The FSM system and its Web site are described in FMR Volume 2A, Section 010702.

160105 Definitions and Classification

General guidance with regard to classification of budget material is presented in Chapter 1. Chapter 16 provides additional specific guidance with regard to the material required for the Intelligence Program Aggregations.

A. National Foreign Intelligence Program (NFIP).

The NFIP provides integrated intelligence that covers broad aspects of national policy and national security. The portion of the NFIP contained in the DoD Budget contributes substantially to meeting Defense intelligence requirements, but also contains programs/activities in support of elements of the US Government outside the DoD.

B. Joint Military Intelligence Program (JMIP).

The JMIP funds joint, defense-wide activities and programs that provide intelligence information and support to multiple Defense components.

C. Tactical Intelligence and Related Activities (TIARA).

TIARA encompasses those programs/activities outside the NFIP and JMIP that: 1) respond to operational commanders' tasking for time sensitive information on foreign entities; 2) respond to national intelligence community tasking of systems whose primary mission is support to operating forces; 3) train personnel for intelligence duties; 4) provide an intelligence reserve; or 5) are devoted to research and development of intelligence or related capabilities. Specifically excluded are *programs that* are so closely integrated with a weapon system that their primary function is to provide immediate-use targeting data. TIARA programs/activities are funded as part of normal Service budget development, and as a result are often embedded in larger force structure or weapon system budget lines.

D. Intelligence Project and Project Code (PC)

1. The TIARA and JMIP Congressional Justification Books (CJBs) present program justifications for specific intelligence programs. Resources associated with each of the programs justified in the CJBs for TIARA and JMIP are maintained in the C³ISR database by intelligence project with an associated project code. Components will provide data to OASD(C³I) at the Intelligence Project level of detail to maintain and update the C³ISR database. Further guidance is in section 1605 and 1606.

2. OASD(C³I) will distribute list of current Intelligence Project Codes with supplemental CJB guidance.

3. All requests to start, change, or terminate a project must be submitted to the OASD(C³I) Resource Management Office, Room 3D228 with appropriate justification.

E. Classification. Classification of US Intelligence budget information is determined by the Director of Central Intelligence (DCI) pursuant to Executive Order 12958, Section 1.5(c), Executive Order 12333, Section 1.5(g), and the DCI's authorities under the National Security Act of 1947.

1. *NFIP Budget Resource Information in FYDP shall be classified as shown below unless other specific NFIP program guidance in effect requires higher classification.*

a. Information which, standing alone or in aggregate, reveals any Program Element total of the funding or manpower requirements of any program in the NFIP will be classified SECRET.

b. Information that permits the disclosure of any Program Element total or the funding or manpower requirements of any program in the NFIP, for example, through a subtractive process, will be classified SECRET.

c. Information which, standing alone or in aggregate, reveals overall DoD Component funding or manpower levels of the NFIP or its programs will be classified SECRET.

d. *However, as an exception to this guidance, budget information for NFIP family housing program elements in Major Program 8 for the National Security Agency and the Defense Intelligence Agency shall be maintained and presented as unclassified.*

e. Whenever NFIP funding and manpower resource detail is combined with other unclassified programs in such a way as to effectively mask the NFIP resource Program Element total, such combined resource Program Element total may be treated as unclassified.

e. Requests for clarification of the foregoing classification guidance should be forwarded to OASD(C³I). Questions of application will be coordinated with the Intelligence Community Management Staff and responses will be disseminated to all interested DoD components.

2. Joint Military Intelligence Program information

a. Total funding for JMIP is SECRET.

b. Total funding for JMIP sub-programs and Program Elements may be classified or unclassified according to content, unless disclosure of such a total would allow derivation of classified totals.

3. Tactical Intelligence and Related Activities.

a. Total funding of this program aggregation is SECRET.

b. Individual Program Elements and line items may *be* classified or unclassified according to content, unless disclosure of such a total would allow derivation of classified totals.

1602 BUDGET ESTIMATES SUBMISSION

160201 Purpose

This Section provides guidance for presentation of annual budget estimates for the JMIP, TIARA, and Defense elements of the NFIP.

160202 NFIP Submission Requirements

A. The NFIP manpower and resource levels submitted in the budget for the Military Departments and Defense Agencies shall be identical to the manpower and resource levels included in BES FYDP and should be identified as Budget Subactivities 330-336 as shown in section 160202 C. Any PBDs other than 330 through 339 affecting elements of the NFIP must be coordinated with the Director for Construction. The Director for Construction will ensure that the Director for Central Intelligence Community Management Staff has an opportunity to review and provide comments on such PBDs. The approved resource levels will include all pay raises, inflation, and any other fact-of-life or miscellaneous adjustments.

B. When developing NFIP Military personnel cost estimates for the budget submission, the Components will apply the most current pay and PCS rates for military personnel consistent with DoD policy for manpower pricing. If applying the correct pricing causes the program to differ from fiscal guidance for that program, an undistributed wedge, either plus or minus, will be identified against program element 0305180D.

C. Data submitted by each Military Department and Defense Agency to OSD will be assembled and submitted in separate packages as follows:

1. Consolidated Cryptologic Program (CCP) – BSA 330
2. General Defense Intelligence Program (GDIP) – BSA 331
3. National Reconnaissance Program (NRP) – BSA 333
4. Special Activities, Navy (SA/N) – BSA 332
5. National, Selected, Federal Activities (NSFA) – BSA 334
6. Foreign Counterintelligence Program (FCIP) – BSA 335
7. National Imagery and Mapping Agency Program (NIMAP) – BSA 336

D. Copies of NFIP budget materials prescribed by the Director of Central Intelligence (DCI) will be delivered by each Program Manager to the Under Secretary of Defense (Comptroller) (Program/Budget), Directorate for Construction, Room 3D841, Pentagon, concurrent with submission to the DCI. Copies should also be provided to the Director, Program Analysis and Evaluation, and the Assistant Secretary of Defense, Command and Control, Communications and Intelligence ASD (C^3I). For the Consolidated Cryptologic Program, two copies should also be made available for OSD use at NSA Fort Meade. Copy requirements are identified in Section 010301.

160203 JMIP Submission Requirements

JMIP Programs/Activities are contained in budget materials developed in accordance with guidance contained in Chapters 1 through 7. Chapter 16 includes additional specific guidance with regard to the material required.

A. In order to maintain the C^3ISR data base, each Military Department and Defense Agency contributing to the JMIP will *provide an automated submission of* BES data to the *O*ASD(C^3I) in intelligence project code (PC) detail simultaneously with their BES input to USD(C). *Sections 1605 and 1606 provide specific data requirements and submission formats.* In accordance with Section 1605, the OASD(C^3I) will maintain this data and make it available to other elements of OSD/JCS as required.

B. Data submitted by each Component to OSD in support of JMIP program estimates will include all manpower and resource requirements consistent with the FYDP *and associated annexes. Data* will be assembled and submitted in separate packages as follows:

1. Defense Airborne Reconnaissance Program (DARP)
2. Defense Cryptologic Program (DCP)
3. Defense Imagery and Mapping Program (DIMAP)
4. Defense Intelligence Special Technology Program (DISTP)
5. Defense Intelligence Counterdrug Program (DICP)
6. Defense Intelligence Tactical Program (DITP)
7. Defense Space Reconnaissance Program (DSRP)
8. *Defense Joint Counterintelligence Program (DJCIP)*

C. Copies of supplementary JMIP budget materials will be delivered to the *O*ASD(C^3I/ *Resource Management Office, Room 3 D228*, Pentagon and the Directorate for Construction, USD(Comptroller) (Program/Budget), Room 3D841, Pentagon.

160204 TIARA Submission Requirements

TIARA Programs/Activities are contained in Budget materials developed in accordance with guidance contained in Chapters 1 through 7. *Chapter 16 includes additional specific guidance with regard to the material required.*

A. In order to maintain the C^3ISR database, each Military Department contributing to the TIARA program aggregation will provide an automated submission of BES data to the OASD(C^3I) in intelligence project code (PC) detail simultaneously with their BES input to USD(C). Sections 1605 and 1606 provide specific data requirements and submission formats. In accordance with Section 1605, the OASD(C^3I) will maintain this data and make it available to other elements of OSD/JCS as required.

B. Data submitted by each Component to OSD in support of TIARA program estimates will include all manpower and resource requirements consistent with the FYDP and associated annexes. Data will be assembled and submitted in separate packages as follows:

1. *Army*
2. *Navy*
3. *Air Force*
4. *Marine Corps*
5. *SOCOM*

C. Copies of supplementary TIARA budget materials will be delivered to the OASD(C^3I/ Resource Management Office Room 3D228, Pentagon and the Directorate for Construction, USD(Comptroller) (Program/Budget), Room 3D841, Pentagon.

1603 CONGRESSIONAL JUSTIFICATION/PRESENTATION

160301 Purpose

This Section provides guidance for the organization of justification material for the National Foreign Intelligence Program, Joint Military Intelligence Program, and Tactical Intelligence and Related Activities. *Services and Agencies must ensure that the final CJB/CBJB submission agrees with the supporting justification material that is submitted to the Congress.*

160302 Organization of Justification Books

A. National Foreign Intelligence Program (NFIP). Congressional Budget Justification Books will be prepared in accordance with instructions issued by the Director of Central Intelligence. Generally, justification material for the defense elements of the NFIP will be organized as follows:

"Consolidated Cryptologic Program"

"General Defense Intelligence Program"

"National Reconnaissance Program"

"Special Activities, Navy"

"National, Selected, Federal Activities"

"Foreign Counterintelligence Program"

"National Imagery and Mapping Agency Program"

B. Joint Military Intelligence Program (JMIP). The Congressional Justification Book for JMIP will be prepared in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C^3I). It will consist of sections on each of the major sub-programs (Defense Cryptologic Program, Defense General Intelligence and Applications *Program (Defense Airborne Reconnaissance Program, Defense Intelligence Counterdrug Program, Defense Intelligence Special Technologies Program, Defense Intelligence Tactical Program, and Defense Space Reconnaissance Program)* , Defense Imagery and Mapping Program, *and Defense Joint Counterintelligence Program).*

C. Tactical Intelligence and Related Activities (TIARA). Congressional Justification Books for TIARA will be prepared in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C^3I). It will consist of separate chapters for each TIARA component, such as Army TIARA, Navy TIARA, Air Force TIARA, Marine Corps TIARA, and SOCOM TIARA.

D. A summary Volume of TIARA and JMIP will be prepared by *O*ASD(C^3I). *Services and Agencies will provide input on major changes to their programs , which will be incorporated, into the Resource Summary.*

E. *Format and detailed instructions for Congressional Justification Book submissions are contained in Section 160602. Additional guidance and supplemental instructions will be issued by the Assistant Secretary of Defense (C^3I).*

160303 Classification and Submission of Justification Books

A. Classification. The justification books for Intelligence Program Aggregations will be prepared at *the appropriate* level of classification necessary to fully explain and justify the budget.

B. Justification Book Preparation and Summarization. Justification book preparation assignments for the Defense portions of the National Foreign Intelligence Program (NFIP) are as follows:

1. Consolidated Cryptologic Program – National Security Agency (NSA) with Department of the Army, Department of the Navy, and Department of the Air Force.

2. General Defense Intelligence Program (GDIP) – Defense Intelligence Agency (DIA) with Department of the Army, Department of the Navy, and Department of the Air Force.

3. National Reconnaissance Program – National Reconnaissance Organization (NRO)

4. Navy Special Activities – Navy

5. National, Selected, Federal Activities (NSFA) -- NSFA

6. Foreign Counterintelligence Program (FCIP) - OASD(C^3I), with Army, Navy, Air Force, DTRA, DIA, and DSS.

7. National Imagery and Mapping Program - NIMA with Army, Navy, Marine Corps, and Air Force

C. Printing of Copies.

1. NFIP. Number of copies required, printing specifications, distribution, and delivery of Justification books will be as specified by the Director of Central Intelligence.

2. JMIP. Number of copies required and printing specifications for Justification books will be in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C^3I).

3. Tactical Intelligence and Related Activities. Number of copies required and printing specifications for Justification books will be in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C^3I).

160304 Relationship of Intelligence Congressional Justification Books with Military Department and Defense Agency Justification Books

A. The NFIP justification books are developed in accordance with the direction and responsibilities assigned to the DCI by E.O. 12333.

B. *TIARA and* JMIP justification books are supplements to the material contained in Defense appropriation justification documents. They display budget information in a programmatic context and at a classification level that facilitates congressional oversight. *The Services and Agencies will submit applicable exhibits required by other chapters in the FMR for TIARA and JMIP. The Components will also submit any exhibits required by OMB Circular A-11, Preparation and Submission of Budget Estimates.*

C. A cross reference listing of R-1, P-1, C-1 line items will be incorporated into the NFIP, JMIP, and TIARA justification books to facilitate cross-referencing to the Defense appropriations.

D. Services and Defense Agencies identified in Sections 160203 and 160204 will provide an electronic file of Budget Line Items as required to maintain *the* Automated C^3ISR data base to the *O*ASD(C^3I) to support development of the TIARA and JMIP Congressional Justification Books. This data should be submitted as soon as possible after the completion of Program Budget Decisions, but not later than submission of the President's Budget

FYDP update. *Sections 1605 and 1606 provide specific data requirements and submission formats.* The OASD(C^3I) will maintain this data and provide it to other elements of OSD/JCS as required.

E. To ensure consistency between the TIARA and JMIP justification book and Military Department and Defense Agency justification material, an advance copy of Component generated related budget exhibits *(RDT&E Descriptive Summaries and Procurement back up books* should be provided to the Office of the ASD(C^3I) Resource Management Directorate, *Room 3D228, Pentagon* at the same time advance copies are provided to the OUSD(Comptroller) for review.

1604 APPEAL PROCESS ON CONGRESSIONAL ACTIONS

160401 Purpose

This Section provides specific guidance for preparation of classified appeals to congressional committees on intelligence programs.

160402 Classified Appeals.

A. Actions of Congressional committees documented in classified annexes relating to NFIP, JMIP or TIARA (such as by the Intelligence Committees) to reports or classified letters may be addressed in Classified Appeals prepared by the *O*ASD(C^3I) and coordinated with the Community Management Staff of the Director of Central Intelligence. Classified Appeals may also supplement actions included in the overall Defense Appeal where security considerations have dictated a less than complete justification. Classified Appeals will be prepared at *the appropriate* level of classification necessary to fully explain and justify the action.

B. The Classified Appeal may be in the form of a letter, or in the form of an appeals package consisting of multiple items. In the latter case, appeal input will be submitted in the general format of PB-39-A1 or A2.

C. Classified Appeals will be completely consistent with the Secretary of Defense's policy direction as articulated by the USD(Comptroller). All such appeals will be coordinated with the Comptroller prior to release.

1605 AUTOMATION REQUIREMENTS

160501 Purpose

This Section provides specific automation requirements guidance for submission of intelligence resources to OASD(C^3I).

160502 Automated Command, Control, Communications, Intelligence, Surveillance and Reconnaissance (C^3ISR) Database

A. Purpose and Objectives. The C^3ISR database is the only complete, automated source of resource data for Command, Control, Communications, Intelligence and related activities for use by the Office of the Secretary of Defense and the Joint Staff. For a variety of reasons, the FYDP structure (and to a lesser extent Budget structure) is not capable of identifying fully C^3ISR costs. As a result, the *O*ASD(C^3I) maintains a hybrid database that integrates both budget and program resource detail organized by program/project/activity and functional categories, among other things. Included are budget lines and Program Elements dedicated to C^3ISR, as well as portions of similar data elements dedicated to other activities but which also include C^3ISR funding. The C^3ISR database is essential to the preparation of the Intelligence Justification Books required by Section 0104. It facilitates functional analyses for OSD and the Joint staff, and is fully compatible with the NFIP resource database used by the Director of Central Intelligence.

B. Applicability. The provisions of this section apply to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to as Components) that fund Command, Control, Communications, Intelligence and related activities.

C. Reporting Requirements. Updates are required coincident with submission of the (1) Program Objective Memorandum, (2) Budget Estimate Submission, and (3) President's Budget.

D. Related Databases. Data in the C^3ISR database is fully consistent with data contained in the FYDP, R&D and Procurement Annexes, and Biennial Budget databases, and is electronically matched to relevant data in these databases prior to use.

E. Instructions – C^3ISR Data Update.

1. General. An electronic file of budget line items, sorted by *Intelligence Project Code,* Appropriation and Program Element will be submitted by Components to OASD(C^3I) via on line electronic data transfer or floppy disk as appropriate. Since this is an iterative process, each update will consist of *those Project Codes,* budget lines and Program Elements included in the previous update, plus any new data identified by either OASD(C^3I) or Component as appropriate.

2. Technical. Data will be formatted as ASCII, tab delimited files (or if this is impracticable in a spreadsheet) and consist of the following elements:

a. Dollars: *Intelligence Project Code (addressed in section 160105), Project Title, Resource Identification Code (*RIC*), RIC title, Component,* budget activity; line item code (R&D project number or procurement line *identification* number) *and title*; Program Element *and title*, PY; CY; BY1 (and BY2 when appropriate); BY+1; BY+2; BY+3; and BY+4. *(For President's Budget update only: provide R-1, P-1 and C-1 numbers for all RDT&E, Procurement and Construction resources. As stated in section 160304 (paragraph C), CJB includes cross-reference listing for which this data is required.)*

b. Manpower: *Intelligence Project Code (addressed in section 160105), Project Title,* RIC, *RIC title,* ; ; *Component,* Program Element *and title*; PY; CY; BY1 (and BY2 when appropriate); BY+1; BY+2; BY+3; and

BY+4. *Manpower reported should be consistent with FYDP data: report military manpower by end strength, civilians by full time equivalents (FTE).*

3. *Changes: New data elements* or changed titles/labels for data elements (e.g. line items, Program Elements, etc.) should be *identified* as part of the Update.

1606 INTELLIGENCE PROGRAM/ACTIVITIES SUBMISSION FORMATS

160601 Purpose

The format provided on the following pages reflects guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

CHAPTER 16

★June 2000

INTELLIGENCE PROGRAM/ACTIVITIES

160602 Exhibit in Support of Section 1603 – Congressional Justification/Presentation

Instructions for the TIARA/JMIP Congressional Justification Book (CJB)..... 14

Instructions for the TIARA/JMIP Congressional Justification Book (CJB)

I. TIARA and JMIP CJB Organization.

OASD(C^3I) will organize the chapters in each book as follows:

Foreword
Table of Contents
Introduction
Program Justification
- Description
- Program Change Summary
- Performance Characteristics
- Management Oversight
- Milestones/Schedule
- Contract Information
- Program Funding
- Program Highlights

Resource Exhibits

II. Data Input Authority.

OASD(C^3I) exercises final authority over all data input activity. All requests to start, change, or terminate a project must be submitted to the OASD(C^3I) with appropriate justification. Service/JMIP representatives will address all substantive technical and resource issues with their OASD(C^3I) Focal Points.

III. Program Format Explanation.

A. Foreword. The Foreword consists of a brief statement describing the goal(s) of the Service's, Agency's, or program manager's TIARA or JMIP activities. It also describes the objectives of the CJB submission, its organization, and its relationship to other books and program justifications. The senior TIARA or JMIP focal point or principal congressional witness must sign the Foreword. The Service, Agency, or program manager must provide a copy of this signature in black ink on plain bond paper so that OASD(C^3I) can scan it into the publishing system.

B. Table of Contents. OASD(C^3I) will generate the Table of Contents. It will reflect the various sections, the appropriate page numbers, and individual projects.

C. Introduction. The Introduction is a narrative that addresses trends, direction, accomplishments, and contributions of each TIARA or JMIP program. It should emphasize compliance with top level guidance documents (such as Joint Intelligence Guidance and the US Intelligence Strategic Plan) and avoid organizational and management 'boilerplate.' Program managers should orient the Introduction to the program and focus on the value added of their management activities.

D. Program Justification.

1. Expiring programs require a Program Justification if funds were appropriated for the current year . Congress requires an explanation of how funds provided are being used (or not used). If current year funding is small, (less than $1.0 million) program resources may be combined (and justified) with a related program. Otherwise, provide a complete, but abbreviated version of the prior year's Program Justification. Do not submit justification narratives for programs with funding only in the prior year (for example, programs for which Congress eliminated funding). However, resources for these projects will be included in the CJB Summary Resource Exhibits.

2. Distinguish between ongoing operational programs and those in development or early acquisition (i.e., prior to IOC), since each requires separate justification. Ongoing operational or production programs thoroughly explained in previous years need less justification. Instead, emphasize identifying the program utility in relation to funds expended and the value of continued operation or production.

3. Programs in development and early acquisition are more vulnerable to go/no go decisions. The requirements importance and urgency as well as the uniqueness and value of the capabilities being acquired must be highlighted. The ability of its acquisition management structure to bring the project in on time and within cost must also be documented. This category includes new starts, pure technology projects, or systems in development that have not reached MS III or equivalent status. As a result, include supplemental data for all development or production programs undergoing significant change.

4. Program Justifications will consist of the following elements: Description, Performance Characteristics, Management Oversight, Milestone or Customer Product, Contractor Information, Program Funding/Budget Track, and Program Highlights:

a. Description: Use bullet statements in headline-style prose that thoroughly describe the project/program/system, its employment, its intended target(s), its role and mission, and its value to the operational commander. Descriptions should cover overall types of work performed, unit locations relationships to elements supported, and any other appropriate information. Begin descriptive bullets with action verbs, such as: "provides, performs, consists, or maintains."

b. Program Change Summary: Address any realignment, transfer, program termination, reprogramming, congressional action, etc which caused major changes in funding in ALL appropriations from last year's congressional justification book submission consistent with the Volume 2 guidance for each appropriation title. This is to include those changes identified in the Program Change Summary of the RDT&E R-2 exhibit.

c. Performance Characteristics: Describe performance characteristics for system categories, such as: detection range, frequency coverage, capacity, response time, target accuracy, resolution, limitations, type of data collected or processed, timeliness, as applicable. For non-system categories of effort, such as force structure, other staff and training support, address the work performed at operational and tactical levels.

d. Management Oversight: Enter bullets listing management points of contact by office (Functional, Acquisition, Service Staff, Program Management, Program Executive Office, Service/OSD sponsor, and operational command, as applicable) and location.) Do not include office symbols, individuals' names, or phone numbers.

d. Milestones/Schedules: Use this module for systems only. Enter bullets for major milestones as described in the DoD Directive 5000 series or equivalent for system categories. Note that milestones apply to all DoD system acquisition regardless of the acquisition category (ACAT). Organize the information in tabular format, with milestone abbreviation at the left and the date at the right, designated by fiscal quarter (e.g., 1QFY00). See appendix B for Defense acquisition Milestone Abbreviations. If Milestones/Schedules is not applicable, the project must have an entry for Customer Products. Program Highlights should not duplicate Milestones.

5. Customer Products: Use this module for non-system categories of effort such as force structure and other staff and training support. Describe specific equipment operated or products developed and for what customers.

6. List prime and major subcontractors' names and locations (city and state) under bullets titled 'Prime' and 'Subs' for system categories and 'Not applicable' for non-system categories.

7. Program Funding/Budget Track: As specified in Sections 0104 and 1603, a draft of the fiscal data (and any supporting budget documentation that are available such as RDT&E Descriptive Summaries and procurement exhibits) is required at the time of the Service/Agency/Program Manager submission, and final fiscal data when the President's Budget is locked. With the final fiscal data, provide a cross-reference for each RDT&E and Procurement budget line and its assigned R-1, P-1, or C-1 line item number.

a. The C4ISR Resource System (CRS) will produce and display a summary of all resources for each project. In accordance with FMR requirements (Section 1605), Service/Agency/Program Manager representatives are responsible for providing detailed resources for each Fiscal Year of the FDYP to update the C4ISR Resource System database for each Intelligence Project. For each TIARA or JMIP program (composite listing maintained by OASD(C^3I) and distributed to OUSD(C) and DoD Components), provide data for all resource categories to include portions of budget lines if applicable (partials):

- RDT&E
- Procurement (to include spares and programmed depot maintenance)
- O&M
- Civilian, Military Active Component, Guard, and Reserve Pay
- Manpower
- Military Construction
- Defense Working Capital Fund

b. Resource Display will reflect prior year, current year, budget year and remaining FYDP aggregated. Data provided for CRS should contain data for each individual year . The resources displayed in the CJB are at P-1/R-1 level of detail, however CRS is maintained at a lower level of detail. Provide resource footnotes for projects with related funding found in more than one CJB, such as JMIP, TIARA, or Information Technology (IT) Exhibits (e.g., "Refer to Shipboard Cryptologic Systems in the Department of Navy Chapter of the TIARA CJB for related resources.").

8. Program Highlights:

As directed in Section 1603, intelligence program/activities congressional justification book data must agree with Component information provided to Congress in appropriation justification material.

a. Investment: To ensure consistency, program highlights for RDT&E, and Procurement must duplicate the applicable highlights provided in the RDT&E Descriptive Summaries (R-2 and R-3) and Procurement back up books (P-5 cost information). In those cases where an intelligence project includes only a portion of the resources described in a particular RDTE project or Procurement Budget Line Item, extract and/or modify the applicable highlights and cost data but ensure consistency and accuracy. (It is essential that Components provide advance copies of Investment Justification materials which support TIARA and JMIP programs to OASD(C^3I) so that the consistency of program highlights can be verified. Reference section 160304E.)

b. Operations: For Operation & Maintenance and Military Personnel appropriations, thoroughly describe by fiscal year, service and appropriation, the activities and plans for the funds requested in the prior year, current year, and budget years. The following guidance must be followed:

1. Key narratives to resource levels shown, not to a desired program.
2. Do not repeat milestones; describe how funds will be used to achieve milestones.
3. Use past tense for prior and current year highlights; use future tense for budget years and beyond.

CHAPTER 17
CONTINGENCY OPERATIONS
Table of Contents

1701 GENERAL **1**
170101 Purpose 1
170102 Submission Requirements 1
170103 Preparation of Material 1
170104 References 2
1702 BUDGET ESTIMATES SUBMISSION & CONGRESSIONALJUSTIFICATION/PRESENTATION **3**
170201 Purpose 3
170202 Submission Requirements 3
1703 CONTINGENCY OPERATIONS SUBMISSION FORMATS **4**
170301 Purpose 4
170302 Unique Exhibits in Support of Contingency Operations 5

CHAPTER 17

June 2000

CONTINGENCY OPERATIONS

1701 GENERAL

170101 Purpose

This chapter provides instructions applicable to budget formulation and congressional justification for contingency operations. The information provided for contingency operations, as reflected in this chapter, meets the requirements of section 8110 of P.L. 106-79, the DoD Appropriations Act, 2000. It requires the Department to include the same type of budget justification material for contingency operations as is provided for other DoD activities.

170102 Submission Requirements

A. This chapter addresses the requirement to budget for new and ongoing contingency operations costs. This information will be used to justify resource requirements for directed contingency operations – specifically the justification of the incremental costs for supporting a designated operation. These incremental costs will become the basis for any funding requests forwarded to the Congress through the normal appropriations process or through emergency supplemental appropriation requests during the year of execution, if warranted. A more detailed discussion of Contingency Operations, as well as the methodology to be used to determine related "incremental costs," is provided in Chapter 23, "Contingency Operations," of Volume 12 of the DoD Financial Management Regulation (DoD 7000.14-R).

B. In order to ensure that the funding being requested is defensible and realistic and that the submitted data and justification material complies with congressional requirements, each Component is required to submit the contingency operations budget exhibits using the formats included in section 1703 of this chapter. These exhibits provide detailed cost estimates and must be completed for each contingency operation. In addition, using the same formats, each Component must submit a Summary Exhibit for each region (e.g., Bosnia, Kosovo,) and a Total Summary Exhibit that consolidates all of the Component's incremental requirements for contingency operations. Each Component will include in its submission the incremental costs for contingency operations for all intelligence-related activities (i.e., TIARA, JMIP, etc.) except for the incremental costs for National Foreign Intelligence Programs (NFIP). The Community Management Staff (CMS) will be responsible for preparing and submitting the required exhibits to report the incremental costs for contingency operations for all NFIP-related activities.

C. The required exhibits are to be provided in both hard copy and electronic copy via diskette or e-mail (using Microsoft word for the OP-5 exhibits and Excel spreadsheets for the CONOPS-1 exhibits) to the Operations and Personnel Directorate, Pentagon, Room 3D868. Specific e-mail addresses can be obtained by calling (703) 697-9317, x13.

D. General guidance with regard to submission requirements is presented in Chapter 1. Chapter 17 covers specific backup material required for the overseas contingency operations. The Components should also consult all of the other chapters for exhibit requirements that are not specifically addressed in this chapter including Chapter 19 – Other Special Analysis.

170103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Section 1703 provides the justification material formats.

170104 References

Chapter 23, "Contingency Operations," of Volume 12 of the DoD Financial Management Regulation (DoD 7000.14-R).

1702 BUDGET ESTIMATES SUBMISSION & CONGRESSIONAL JUSTIFICATION/ PRESENTATION

170201 Purpose

This Section provides guidance for preparation and submission of budget estimates for Contingency Operations. The budget estimates will separately identify the incremental costs for operation and maintenance, military personnel, and other applicable (e. g., procurement) resources required to support specified contingency operations. For the President's Budget request submitted to the Congress, all approved contingency operations incremental cost requirements will be reflected in the Overseas Contingency Operations Transfer Fund (OCOTF), and the level of detail provided must address the congressional concerns for adequate visibility and justification of requirements.

170202 Submission Requirements

A. Each applicable Component is responsible for submitting the Contingency Operations exhibits covering the operation and maintenance, military personnel, and other applicable (e. g., procurement) incremental costs for each specified contingency operation, a "Summary" exhibit for each region (e.g., Bosnia, Kosovo) and a "Total Summary", exhibit" that consolidates all the Component's incremental requirements for contingency operations. The formats for these exhibits are provided at section 170302. Hard copy and electronic versions of each exhibit must be provided to Office of the USD(C) P/B Operations and Personnel Directorate, Room 3D868 in the Pentagon. Electronic formats will be provided in Microsoft Word for the OP-5 exhibit and in Microsoft Excel for the CONOPS-1 exhibit.

B. These exhibits will be prepared and submitted to the Office of the Under Secretary of Defense (Comptroller) (USD(C)) in accordance with the schedule defined in the annual budget guidance memorandum published by the USD(C) for the fall budget estimates submission (BES) and for the President's Budget (PB) submission. Each exhibit will be prepared separately for the BES and the congressional justification/presentation process.

1703 CONTINGENCY OPERATIONS SUBMISSION FORMATS

170301 Purpose

The formats provided on the following pages reflect the guidance presented in sections 1701 and 1702 of this chapter. Unless modified by the OUSD(C) in a budget guidance memorandum, the formats must be followed.

170302 Unique Exhibit in Support of Contingency Operations

OP-5 Overseas Contingency Operations 6
CONOPS-1 12

COMPONENT NAME
OVERSEAS CONTINGENCY OPERATIONS
FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)
Name of Contingency Operation:
DoD Component:

General Guidance: A separate exhibit should be prepared for (1) each contingency operation, (2) a summary exhibit for each region, and (3) a total exhibit for each Component. Each Component will include in its submission the incremental costs for contingency operations for all intelligence-related activities (i.e., TIARA, JMIP, etc.) *except* for the incremental costs for National Foreign Intelligence Programs (NFIP). The Community Management Staff will be responsible for preparing and submitting the required exhibits to report the incremental costs for contingency operations for all NFIP-related activities.

I. Description of Operations Financed: Provide a narrative explanation characterizing the mission of this particular contingency operation and address the major cost drivers such as the number of base camps, the number of troop rotations, and the related troop strength supporting the contingency.

II. Force Structure Summary: Identify in tabular form *by operation*, the average monthly troop strength for active duty, Guard and Reserve Components deployed for this contingency operation for prior year, current year, and budget year(s).

III. Financial Summary ($ in Thousands): Report incremental costs only. **Note:** Include only non-NFIP intelligence costs. The CMS is responsible for reporting incremental NFIP costs.

A. Contingency Operation Total

		FY CY Program				
Cost Category	FY PY Actuals [1/]	Budget Request	Program Changes	Current Estimate [2/]	FY BY1 Estimate	FY BY2 Estimate
1. Personnel						
a. Military						
b. Civilians						
2. Personnel Support						
3. Operating Support						
4. Transportation						
Total						
Military Personnel						
Operation and Maintenance						
Other – Specify by appropriation (i.e., Procurement, RDT&E, etc.)						

This exhibit must be submitted in both hard copy and electronic copy (i.e., Microsoft Word).

[1/] Should be consistent with amounts reported in the cost report. (For BES, include amounts expected to be reported for the yearend report.)
[2/] Include all costs, regardless of appropriation. For example, if military personnel costs are appropriated directly to the military personnel accounts rather than to the OCOTF include the amount expected to be required for contingency operations.

B. Prior Year Reconciliation Summary: **FY PY to FY PY Changes**

	Military Personnel	Operation & Maintenance	Other (Specify as Appropriate)
1. Direct Appropriation to Component			
2. Amount Transferred from OCOTF			
3. Change			
4. Actual Cost			

Note: Actual cost data should reflect contingency operations data as reported to the Defense Finance and Accounting Service - Denver.

COMPONENT NAME
OVERSEAS CONTINGENCY OPERATIONS
FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)
Name of Contingency Operation:
DoD Component:

C. Reconciliation of Increases and Decreases: ($ in Thousands)

1. FY CY President's Budget		**X,XXX**
2. Program Increases in FY CY		+x,xxx
a) Describe each increase	+xxx	
b) Describe each increase	+xxx	
(List and narrate each change by relating changes in troop strength, Active/Reserve Component (AC/RC) mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
3. Program Decreases in FY CY		-x,xxx
a) Describe each decrease	-xxx	
b) Describe each decrease	-xxx	
(List and narrate each change by relating changes in troop strength, AC/RC mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
4. Revised FY CY Estimate of Requirements		**X,XXX**
5. Price Growth (Use factors included in the budget guidance unless deviation is warranted.)		+x,xxx
6. Program Increases		+x,xxx
a) Describe each increase	+xxx	
b) Describe each increase	+xxx	
(List and narrate each change by relating changes in troop strength, AC/RC mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
7. Program Decreases		-x,xxx
a) Describe each decrease	-xxx	
b) Describe each decrease	-xxx	
(List and narrate each change by relating changes in troop strength, AC/RC mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
8. FY BY1 Budget Request		**X,XXX**
9. Price Growth		+x,xxx

C. Reconciliation of Increases and Decreases (Continued): ($ in Thousands)

10. Program Increases		+x,xxx
a) Describe each increase	+xxx	
b) Describe each increase	+xxx	
(List and narrate each change by relating changes in troop strength, AC/RC mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
11. Program Decreases		-x,xxx
a) Describe each decrease	-xxx	
b) Describe each decrease	-xxx	
(List and narrate each change by relating changes in troop strength, AC/RC mix, density of weapon systems, operating tempo, use of contractor support, number of base camps, etc.)		
12. FY BY2 Budget Request		**X,XXX**

IV. Performance Criteria and Evaluation Summary:

	Average Troop Strength			
Troop Strength	**Total**	**Active Duty**	**National Guard**	**Reserve**
Planned FY PY				
Change Plan vs. Actual for FY PY				
Actual FY PY				
Planned FY CY				
Change Plan vs. Revised Estimate for FY CY				
Revised FY CY Estimate				
Change Revised FY CY Estimate to FY BY1				
FY BY1 Budget Request				
Change FY BY1 to FY BY2				
FY BY2 Budget Request				

COMPONENT NAME

OVERSEAS CONTINGENCY OPERATIONS

FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)

Name of Contingency Operation:

DoD Component:

	Number Constructed	Number Maintained	Average Population	Other Data (Include other pertinent information)
Base Camps:				
Planned FY PY				
Actual FY PY				
Planned FY CY				
Planned FY BY1				
Planned FY BY2				

MAJOR WEAPONS SYSTEMS DEPLOYED		Average Number Deployed/Month	Total Days in Theater	Operational Usage *
Tracked Vehicles:(list by type/model)				(Track Miles)
M1	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
M2	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
M113	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
Helicopters: (list by type/model)				(Flying Hours))
OH-58D	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
AH-64	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			

COMPONENT NAME

OVERSEAS CONTINGENCY OPERATIONS

FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)

Name of Contingency Operation:

DoD Component:

MAJOR WEAPONS SYSTEMS DEPLOYED		Average Number Deployed/Month	Total Days in Theater	Operational Usage *
Aircraft: (list by type/model)				(Flying Hours)
F-117	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
	Planned FY BY2			
KC-135	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
	Planned FY BY2			
EA-6B	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
	Planned FY BY2			
				(Steaming Hours)
Naval Vessels:				
Combatants	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
	Planned FY CY2			
Auxiliaries/Support Ships	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
	Planned FY CY2			
Other: (Specify by System)	Planned FY PY			
	Actual FY PY			
	Planned FY CY			
	Planned FY BY1			
)	Planned FY CY2			

* Select appropriate operational metrics currently in use. These are representative examples only.

Exhibit OP-5 Overseas Contingency Operations
(Page 5 of 6)

COMPONENT NAME
OVERSEAS CONTINGENCY OPERATIONS
FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)
Name of Contingency Operation:
DoD Component:

V. OP 32 Line Items as Applicable (Dollars in Thousands):

	Change from FY PY to FY CY				Change from FY CY to FY BY1				Change from FY BY1 to FY BY2			
FY PY Actuals	Foreign Currency Rate Diff	Price Growth (%) ($)	Program Growth	FY CY Estimate	Foreign Currency Rate Diff	Price Growth (%) ($)	Program Growth	FY BY1 Estimate	Foreign Currency Rate Diff	Price Growth (%) ($)	Program Growth	FY BY2 Estimate

1. List each applicable OP-32 line item number and title.
2. Include the percentage of price growth.

To be submitted for both the OSD and President's budget submissions.

COMPONENT NAME
OVERSEAS CONTINGENCY OPERATIONS
FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)
Name of Contingency Operation:
DoD Component:

(Dollars in Thousands)

COST CATEGORIES	FY PY Actual	Change	FY CY Estimate	Change	FY BY1 Estimate	Change	FY BY2 Estimate
PERSONNEL							
Military Personnel Pay & Allowances							
Reserve Components Called to Active Duty							
Imminent Danger or Hostile Fire Pay							
Family Separation Allowance							
Foreign Duty Pay							
Subsistence							
Other Military Personnel							
Subtotal							
Civilian Pay and Allowances							
Civilian Premium Pay							
Civilian Temporary Hires							
Other Civilian Personnel							
Other Personnel Support							
Subtotal							
PERSONNEL SUPPORT							
Temporary Duty/Temporary Additional Duty							
Clothing & Other Personnel Equip & Supplies							
Medical Support/Health Services							
Reserve Component Activation/Deactivation							
Other Personnel Support							
Subtotal							
OPERATING SUPPORT							
Training							
Operations OPTEMPO (Fuel, Other POL, Parts)							
Other Supplies & Equipment							

The CONOPS-1 exhibit is to be submitted in both hard copy and electronic copy. Electronic formats will be provided in Microsoft Excel.

Do not include NFIP program requirements. The Community Management Staff is responsible for submitting the required exhibits for all NFIP activities.

Exhibit CONOPS-1
(Page 1 of 2)

COMPONENT NAME
OVERSEAS CONTINGENCY OPERATIONS
FY ____ Budget Estimates Submission or FY ____ President's Budget (as applicable)
Name of Contingency Operation:
DoD Component:

Dollars in Thousands)

COST CATEGORIES	FY PY Actual	Change	FY CY Estimate	Change	FY BY1 Estimate	Change	FY BY2 Estimate
OPERATING SUPPORT (Continued)							
Facilities/Base Support							
Reconstitution							
C4I							
Other Services/Miscellaneous Contracts							
Subtotal							
TRANSPORTATION							
Airlift							
Ready Reserve Force/Fast Sealift Ship							
Port Handling/Inland Transportation							
Other Transportation							
Subtotal							
GRAND TOTAL							
Military Personnel							
Operation and Maintenance							
Other (specify by appropriation type (i.e., Procurement, RDT&E, etc.)							

NOTE: This information must be provided for each operation, each region, and in total.

Exhibit CONOPS-1
(Page 2 of 2)

CHAPTER 18
INFORMATION TECHNOLOGY RESOURCES AND NATIONAL SECURITY SYSTEMS

1801 GENERAL 1
180101 Purpose 1
180102 Submission Requirements 1
180103 Preparation of Material 1
180104 References 2
180105 Definitions 2
180106 Reporting Structure. 7
1802 BUDGET ESTIMATES SUBMISSION 8
180201 Purpose 8
180202 Submission Requirements 8
180203 Arrangement of Backup Exhibits 9
1803 CONGRESSIONAL JUSTIFICATION/PRESENTATION 10
180301 Purpose 10
180302 Justification Book Preparation 10
180303 Submission Requirements 10
180304 Input for Summary Information Technology Justification Books 10
1804 INFORMATION TECHNOLOGY PROGRAM SUBMISSION FORMATS 12
180401 Purpose 12
180402 Exhibits in Support the Information Technology Budget Submission 13

CHAPTER 18

June 2000

INFORMATION TECHNOLOGY & NATIONAL SECURITY SYSTEMS

01801 GENERAL

180101 PURPOSE

1. This chapter provides instructions applicable *to supporting budgetary material* and congressional justification for Information Technology (IT) *and National Security systems (NSS) and* programs.

2. These instructions apply to the Office of the Secretary of Defense (OSD), the Military Departments (including their National Guard and reserve components), the Joint Staff, Unified Commands, the Inspector General DoD, the Defense Agencies, the DoD Field Activities, the Joint Service Schools, the Defense Health Program, and the Court of Military Appeals. All DoD appropriation accounts and funds are encompassed with the exception of non-appropriated funds (NAF).

3. All Defense Components that have any resource obligations *supporting* Information Technology (IT)/*National Security Systems (NSS)* in any fiscal year will report an Information Technology/*National Security System Overview and data to prepare the IT/NSS inputs to OMB exhibits, budget analyses, and Congressional displays. Military Departments will prepare separate overviews, as will DISA, DLA, DFAS, DHRA, OSD and WHS. Other Defense Agencies and Activities will provide information that will be incorporated into a comprehensive Defense Wide overview.* All Components with resource obligations for major *initiatives* and special interest initiatives/acquisitions as designated by the ASD(C3I) or other milestone decision authority (MDA) will report *information to support* Part I of the Capital Investment Exhibit, referred to as the IT(300b). Components that serve as the executive or principal funding agent in the major systems and initiatives/acquisitions will report all sections of the IT(300b).

180102 Submission Requirements

General guidance for submission requirements is presented in Chapter 1. However, this chapter covers specific distribution instructions for the Information Technology and *National Security systems and* Programs. All applicable exhibits and automated data base *updates*/formats will be submitted for both the OSD Budget Estimates Submission (BES) and the congressional justification submission or President's Budget (PB). *Chapter 18 covers IT submissions, as in the past, and incorporates Command & Control (C2), Communications and related programs, Combat ID, Information Assurance (including Information Systems Security), meteorological and navigation systems/programs. National Foreign Intelligence Programs are submitted via separate mechanisms.*

180103 PREPARATION OF MATERIAL

The Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I) prepares General guidance with regard to the preparation of budget and justification material is presented in Chapter 1 of the FMR, *including those depicted in Section 010505, Automated C^3ISR Requirements.* This section covers specified formats and material reporting requirements for the Information Technology/*National Security systems and intelligence justification materials as described in Chapter 16 of Volume 2 of the FMR. The Director, Information Assurance, OASD (C3I) and the National Security Agency (NSA), OASD(C3I) prepare a single Defense Information System Security Program (ISSP) Congressional Justification Book. The Defense Information Assurance Program (DIAP) staff also reports resources and activities supporting the overall Information Assurance efforts of DoD. The DIAP staff prepares this additional IA information using the IT/NSS CJB and data submissions.*

180104 References

1. Chapter 1 provides general funding and appropriation policies, including expense and investment guidance. That chapter also discusses *general preparation instructions and distribution requirements.* Chapter 3 provides guidance on Operation and Maintenance *appropriations*; Chapter 4 addresses requirements for Procurement appropriations while Chapter 5 addresses RDT&E; Chapter 6 provides specific policies related to Military Construction appropriations; and Chapter 9 provides specific policies related to the Defense Working Capital Fund (DWCF). *Chapter 16 discusses requirements for NFIP, TIARA, JMIP justification materials. ISSP justification guidance is provided via an annual guidance letter.*

2. DoD Directive 5000.1, "Defense Acquisition," and DoD Regulation 5000.2-R, "Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs" discuss acquisition and program management requirements to help prepare the *IT/NSS(300b) formats.*

3. *Chapter 53 of the Office of Management and Budget (OMB) Circular No. A-11, "Preparation and Submission of Budget Estimates," and "A-11, Part III, Capital Asset Plan and Justification" provide the overall Federal reporting requirements for IT/NSS submissions. Chapter 18 is the official implementation guidance for the A-11 submissions.*

4. The Paperwork Reduction Act of 1995 *and the Public Law 104-106 (Clinger-Cohen Act of 1996)* should be referenced for supporting definitions regarding IT/*NSS. Chapter 18 and supplemental guidance also incorporates other requirements developed as a result of Congressional and direction*

180105 Definitions

Chapter 1 provides policies and definitions regarding the application of expenses and investment criteria for budgetary purposes. The Office of Management and Budget Circular A-11 uses the term Information Technology (IT) Resources to describe a category of resources covered by the Public Law 104-106 (Clinger-Cohen Act of 1996). *The Clinger-Cohen Act also defines National Security Systems (NSS). Information Technology/Defense Information Infrastructure, Information Assurance, and Global Information Grid definitions are maintained at* http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html *web page.*

The Chief Information Officer (CIO) uses the terms Global Information Grid (GIG). The GIG supports all DoD missions with information technology for national security systems, joint operations, Joint Task Force, Combined Task Force commands, and DoD Business operations that offer the most effective and efficient information handling capabilities available, consistent with National Military Strategy, operational requirements and best value enterprise level business practices. The GIG is based on a common, or enterprise level, communications and computing architecture to provide a full range of information services at all major security classifications. All applications shall be planned, designed, and implemented to use common GIG assets. Commercial Off-the-Shelf applications shall be in compliance with the GIG Architecture. Based on the GIG construct, communications and computing infrastructure capabilities will be separated from the global mission applications and the information assurance and related technical activities in the presentation of systems, programs and initiatives throughout the acquisition process and in the development/presentation of the IT/NSS exhibits:

1. ***Budget Initiative Number (BIN)- see Initiative Number. BIN is a term used by the Information Technology Registration System directed by FY 2000 Appropriation Act, Section 8120.***

2. **Communications and Computing Infrastructure (C&CI).** Reportable category of C&CI provides the information processing (computing) and transport services (communications) *and infrastructure management services* used by functional applications. These DoD common services are communications applications such as voice, data transfer (including electronic commerce and business interfaces), video teleconferencing, and messaging. Within the C&CI category, there is a further division by operational areas and designated special interest programs.

3. ***Communications.*** *Communications capabilities elements include fixed plant, sustaining base infrastructure in the US and selected overseas locations; long haul transmissions via Defense-owned or leased terrestrial facilities; deployable transmissions via satellite or other radio systems; and mobile, tactical transmission systems that allow war fighters to exchange information while on the move wherever they might be located.*

4. ***Command and Control (C^2).*** *The facilities, systems, manpower essential to a commander for planning, directing, coordinating and controlling operations of assigned forces. C^2 capabilities cover the National Command Authority, through the joint/tactical operations echelon and down to front line tactical elements.*

5. **Computing Infrastructure.** Program Function/Area of Communications and Computing Infrastructure (C&CI). Automated information processing operations reported in this section generally perform one or more of the following functions: processing associated with agency-approved automated information systems; time-sharing services; centralized office automation; records management services; or network management support. Staff associated with the operations here includes computer operators, computer system programmers, telecommunications specialists, helpdesk personnel, and administrative support personnel.

6. **Current Services (CS).** Current Services represents the cost of operations at a current capability and performance level of the application, infrastructure program and/or initiative when the budget is submitted. That is, what the cost would be if nothing changes from the baseline other than fact-of-life reductions, termination's or replacement systems becoming operational. Current Services include: (1) Those personnel whose duties relate to the general management and operations of information technology, *including certain overhead costs associated with PM offices* (2) maintenance of existing application, infrastructure program or initiative, (3) corrective software maintenance which includes all efforts to diagnose and correct actual errors (i.e., processing or performance errors) in a system (4) maintenance of existing voice and data communications capabilities, (5) replacement of broken IT equipment needed to continue operations at the current service level, and (6) all other related costs not identified as Development/Modernization.

7. **Data Administration.** Program Area of Related Technical Activities. Activities reported in this area include: Data sharing and data standardization. Component data administration programs are defined in the Data Administration Strategic Plans.

8. **Development/Modernization (Dev/Mod).** Any change or modification to an existing IS, program, and/or initiative that results in improved capability or performance of the baseline activity. Improved capability or performance achieved, as a by-product of the replacement of broken IT equipment to continue operations at the current service levels is not categorized as Development/Modernization. Development/Modernization includes: (1) program costs for new applications and infrastructure capabilities that are planned or under development; (2) any change or modification to an existing applications and infrastructure capabilities which is intended to result in improved capability or performance of the activity. These changes include (a) all modifications to existing operational software (other than corrective software maintenance); (b) acquiring technologically newer IT equipment to replace outdated IT equipment regardless of the age of the equipment or its commercial availability; and (c) expansion of existing capabilities to new users; (3) changes mandated by Congress or the Office of the Secretary of Defense; (4) personnel directly involved with Development/Modernization activities.

9. ***Financial Management Systems:*** *Applications or portions of applications that are necessary to process or support financial management activities. These collect, process, maintain, transmit, report data about financial events or supporting financial planning or budgeting activities. Systems may also accumulate or report cost information and support the preparation of financial transactions or financial statements. Systems track financial events and provide financial information significant to the financial management of the agency. OMB requires reporting of financial systems that obligate/cost more than $.500M in any fiscal year and further designates them a major system for purposes of related reporting requirements, such as the IT 300b.*

10. ***Global/Functional Area Applications (G/FAA).*** *Also referred to as Global Applications. Reportable category of functional area applications, are associated with all DoD mission areas—C2, Intelligence and combat*

support, combat service support areas, and the DoD business areas. They rely upon the network, Computing and Communication management services including information processing, common services, and transport capabilities of the Communications and Computing Infrastructure. Related technical activities provide the architectures, standards, interoperability, and information assurance that these systems require to operate effectively as part of the Defense Information Infrastructure. Although an application/system may serve more than one function, it is generally classified according to its predominate function across the department. Within the Functional Application category, there is a further division into Functional Areas that equate to principal staff functions and activities.

11. ***Information Assurance (IA). As of the FY 2002 Budget, this is a major reportable category of the GIG/IT/DII; it is no longer presented as a part of the Communications and Computing Infrastructure.*** *Efforts include all efforts that protect and defend information and information systems by ensuring their availability, integrity, authentication, confidentiality, and non-repudiation. These efforts include providing for the restoration of information systems by incorporating protection, detection, and reaction capabilities. As such IA is broader in scope than information systems security and reflects the realities of assuring the timely availability of accurate information and the reliable operation of DoD information systems in increasingly globally inter networked information environments. For Major systems, Components must report the percentage of resources supporting IA activities.*

12. ***Information System (IS).*** A combination of elements that will function together to produce the capabilities required to fulfill a mission need, including functional user, computer hardware and computer software, data and/or telecommunications links, personnel, procedures that are designed, built, operated, and maintained to perform the functions such as collecting, recording, processing, storing, retrieving, transmitting, and displaying information. *To execute information systems, DoD must support both the software application, the supporting communications and computing infrastructure and the necessary architectures and information security activities.*

13. **Information Technology Resources.** The Information Technology (IT) Resources that must be reported under this chapter are defined by OMB Circular A-11 and described by Clinger-Cohen Act of 1996, P.L.104-106. In particular, Information Technology means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. It includes computers, ancillary equipment, software, firmware and similar procedures, services, and related resources whether performed by in-house, by contractor, by other intra-agency, or intergovernmental agency resources/personnel. Both system and non-system IT resources including base level units (communications, engineering, maintenance, and installation) and management staffs at all levels are included in IT reporting.

14. **Initiative Number (IN).** (Also referred to as the Resource Identification Number for IT Initiatives or Budget Initiative Number (BIN). A four to eight digit initiative number is assigned to initiatives, programs and systems that are reported in the IT budget. To register a new initiative or program not previously reported in the IT exhibits and not yet assigned a number, *components access the on line registration capability of the Information Technology Budget application at http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html.* Initiative numbers are associated with the name, functional area/C&CI category; system grouping;; and other pertinent management information. The current and archived lists of IN's is maintained on the C3I WEB page.

15. **Life-Cycle Cost (LCC).** The total cost to the government for an IS, *weapon system*, program and/or initiative over its full life. It includes the cost of requirements analyses, design, development, training, acquisition and/or lease, operations, support and, where applicable, disposal. It encompasses both contract and in-house costs, all cost categories and all related appropriations/funds. The costs may be broken down into useable increments describing the costs associated with delivering a certain capability or segment of an IT activity.

16. **Major Category.** An application, infrastructure program, initiative or information system is categorized as major if: (1) has anticipated or actual program costs, computed in FY 2000 constant dollars, in excess of $120 million; or (2) has estimated program costs, computed in FY 2000 constant dollars, in excess of $30 million

dollars in any single year; or (3) has estimated life-cycle costs, computed in FY 2000 constant dollars, in excess of $360 million; or (4) is designated by the DoD milestone decision authority (MDA) based on special interest assessments. All systems, programs, acquisitions and initiatives designated major will be reported. Regardless of actual investment by an individual submitting activity, all funding for major category IT activities will be reported by all Components in the Major category in the IT exhibit. *All Components with resource obligations for major initiatives and special interest initiatives/acquisitions as designated by the ASD(C3I) or other milestone decision authority (MDA) will report information to support Part I of the Capital Investment Exhibit, referred to as the IT/NSS(300b). Components that serve as the executive or principal funding agent in the major systems and initiatives/acquisitions will report all sections of the IT/NSS(300b).* ***All financial systems are categorized as major initiatives by OMB.***

17. ***National Security Systems (NSS).*** *Any telecommunications or information system operated by the United States Government, the function , operation, or use of which--involves intelligence activities; involves cryptologic activities related to national security; involves command and control of military forces; involves equipment that is an integral part of a weapon or weapons system; or is critical to the direct fulfillment of military or intelligence missions (but does not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).*

18. ***Significant Category (Formerly referred to as Non-Major Category)*** *For the purposes of IT budget reporting a significant initiative is one that does not meet the criteria for a major system yet has a total of $2 million (to include both Development/Modernization and Current Services) obligations (costs) in any Fiscal Year across the Future Years Defense Program (FYDP). Per OMB guidance, financial systems are categorized significant at the $.500 Million level, significantly lower than other functional applications or infrastructure programs. A submitting component may have to request an initiative be designated significant even if funding is below these thresholds in order to comply with 70% visibility guidance from OMB.*

19. **Obligations/Cost.** For the purpose of IT budget reporting, obligations are the amount an agency has committed to spend on information technology in a given fiscal year. For the DWCF, cost applies wherever "obligations" is used in this guidance.

20. **Office Automation.** ***(also referred to as "Desktop Processing")*** Facilities that support file servers, or desktop computers, and that support administrative processing (i.e. word processing, spreadsheets, etc) rather than application processing, should be reported as Office Automation (listed as a separate function).

21. **Other Category.** ***(Also referred to as Small or "All Other")*** *For those "Development/Modernization" and/or "Current Services" costs/obligations as well as initiatives not designated in the major and non-major categories. "Other" category initiatives are aligned by the applicable GIG/IT/DII Reporting Structure--functional/mission area (see Section 180106).*

22. **Program Cost (also referred to as Initiative Cost).** The total of all expenditures, in any appropriation and fund, directly related to the IS, program, or initiative definition, design, development, and deployment, and incurred from the beginning of the "Concept Exploration" phase through deployment at each separate site. For incremental and evolutionary program strategies, program cost includes all funded increments. Program cost is further defined in DoD 5000 documents.

23. ***Related Technical Activities (RTAs).*** *Related Technical Activities service the global/functional applications, C&CI and IA. While these activities do not directly provide functional applications, data processing, or connectivity, they are required to ensure that the infrastructure functions as an integrated whole and meets DoD mission requirements. RTAs include spectrum management, development of architectures, facilitation of interoperability, and technical integration activities. RTAs could be considered as "overhead" services that are necessary to the GIG/DII. See Section 180106 for GIG/IT/DII Structure Table. Within the RTA category there is a further division into limited Program Areas.*

24. **Special Interest Communications Programs.** Program Area of the IT/DII Communications and Computing Infrastructure (C&CI) division. Programs of special interest that should be reported here are Electronic Commerce/Electronic Data Interchange, Distance Learning Systems. The resource category "Other" may not be used with this program area.

25. **Technical Activities.** Program Area of Related Technical activities. This refers to activities that deal with testing, engineering, architectures and inter-operability.

180106 Reporting Structure

All information technology resources will be associated with at least one Information Technology/Defense Information Infrastructure (IT/DII) Reporting categories. Initiatives are also reported by appropriation details and by major, significant, and other categories. The Information Technology Management Application records these business rules. Initiatives that cross more than one functional area, C&CI, RTA, or IA area may need to be broken down by those areas and registered in the Master Initiative (BIN) List maintained by OASD(C3I). For the most part, the reporting area is based on the preponderance of the mission concept. ***During the Program Review FY02-07, OASD(C3I) will conduct analyses that further refine and categorize the activities below, these changes will be applied in appropriate guidance and call letters.***

Global Information Grid (GIG)
and
Information Technology/Defense Information Infrastructure (IT/DII) Reporting Structure

A. Global/Functional Area Applications Area	B. Communications and Computing Infrastructure (C&CI)	Related Technical Activities (RTA's)	D. Information Assurance Activities
1. Civilian Personnel	1. User Productivity Tools	1. Spectrum Management	(ISSP and PKI)
2. Command and Control	(a) Common Access Card/ Smart Card (except PKI)	2. Data Administration	1. Defense the Networks & Infrastructure
3. Economic Security	(b) Electronic Business/ Electronic Commerce	3. Technical Activities (e.g. Testing Engineering Architectures)	2. Defense the Enclave Boundary
4. Environmental Security	2. Communications Infrastructure (End User, Telephone Services, LAN, CAN, OAN, MAN, WAN)	4. Planning-Business Process Reengineering and Pre Milestone 0 Activities	3. Defend the Computing Environment
5. Finance	3. Computing Infrastructure (End User; Local Servers, Regional/Global Computing, Development Environments)	5. Advanced Research and Development Activities (eg Next Generation Internet)	4. Supporting Infrastructures
6. Health	4. Information Distribution Services (Seat Management, etc)		5. System Security Methodology
7. Information Management	5. Computing and Network Management Services		6. Security Management
8. Information Operations/ Warfare			7. Defensive Information Operations
9. Intelligence			8. Training
10. Logistics			9. Management and Operations (general)
11. Military Personnel & Readiness			10. IA for the Tactical Environment
12. NBC Defense Programs			
13. Other			
14. Policy			
15. Procurement/ Contract Administration			
16. Reserve Affairs			
17. Science and Technology			
18. Security Activities (non IA)			
19. Space			
20. Systems Acquisition Management			
21. Test and Evaluation			
22. Transportation			

- *Information Assurance Activities are subdivided into Defense in Depth Categories and activities.*
- Numbered or Lettered levels indicate the minimum reporting level in the IT-1 or NSS Annex.

1802 BUDGET ESTIMATES SUBMISSION

180201 Purpose

This section provides guidance for preparation and submission of budget estimates for the Information Technology *and National Security Systems and Program resources to the OASD(C3I)/OSD and for the preliminary updates to Office of Management and Budget resource exhibits in September and January. Resources reported in the IT/NSS submission will be consistent with and tracked to other primary appropriation justification and FYDP submissions.* Supplemental guidance will be issued, if required, to update reporting requirements directed by Chief Information Officer (CIO), congressional or Office of Management and Budget (OMB) A-11 guidance. *Timelines for updates* will be provided through the Information Technology Budget Web page *maintained at* http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html *and* as designated in the budget call memo. *Technical requirements and templates are recorded at the Web page and through the application.*

180202 Submission Requirements

A. The following exhibits, for which specified formats and detailed submission formats are provided in Section 180402, are required. Automated submission is required.

IT/NSS OV	IT/NSS Investment Portfolio Assessment
IT-1 with NSS Annex	*Information Technology Resources by various categories, including a simplified NSS Annex, to separate IT resources from NSS reporting, while providing a more complete view of DoD CIO resources and activities.*
IT/NSS-300b	*IT Capital Investment Exhibit (Capital Asset Plan and Justification Reporting) Part 1 (all agencies reporting major systems resources, including Executive Agents)* *Part 2 (Executive Agents)*

B. Distribution of the OSD budget estimates material will be made in accordance with the guidance contained in Chapter 1, primarily electronic. *Separate* instructions will be provided for the automated submission of the exhibits identified above.

C. *IT/NSS OV, Information Technology Investment Portfolio Assessment Overview is prepared by the Military Departments, Defense Agencies and Activities. Remaining components will provide input that will be incorporated into an integrated Defense Wide overview. Specific requirements are discussed in Section 180402. The overview will provide justification of the component's IT/NSS Investment portfolio and priorities. Information provided must be consistent with overall budget justification materials prepared by the Component. A special Information Assurance Section or Annex will be required to assist in preparations for the ISSP and DIAP IA justification materials provided separately to Congress, and must be consistent with ISSP justification and financial reporting. Requirements for this annex will be refined during the Program Review FY 02-07 cycle.*

D. IT-1, Information Technology/National Security System Resources by Functional or Program Area/Mission and Category, resources are reported using the GIG/ IT/DII Reporting Structure that is divided into three primary divisions or resource areas: Global or Functional Area Applications (Global/Func Appl); Communications and Computing Infrastructure (C&CI); Related Technical Activities (RTAs) and Information Assurance (IA).. Functional Area Applications are further divided into Functional Areas. For C&CI RTA, and IA, these are grouped into Program Functional Activities. Exhibit IT/NSS-1 must be prepared using these categorization requirements *and by budget line item* /appropriation/fund source and submitted electronically using the IT Budget automation. This electronic submission is based on the IT master system list that identifies and groups the separate systems, program, or initiatives by primary functional/mission areas as identified on the page *at*

http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html. IT/NSS-1 will record the appropriate initiative number and title registered in the IT budget automation master tables. Software and additional guidance are at the OASD(C3I) designated Information Technology Budget Web page *at* http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html and as discussed in budget call memorandum.

E. IT-300b, Capital Investment Exhibit, requirements are defined in OMB's A-11, part 3, Capital Asset Plan and Justification. Section 1804, IT Program Submission formats, addresses the DoD requirements for this reporting. Software and additional guidance are at the OASD(C3I) designated Information Technology Budget Web page *at* http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html and as discussed in budget call memorandum.

F. Additional reporting requirements will be identified in the call memorandum, as necessary. Additional management and supporting data may be designated by the Chief Information Officer (CIO) to support detailed justification requirements.

G. The following IT resources are generally exempted from IT reporting:

- Acquired by a Federal Contractor which are incidental to the performance of a Federal Contract;
- *Programs, Projects, and activities embedded in non-C2/Comm weapon system or embedded in Service force structure and, therefore, are not readily identifiable in the budget. Final definition resides with OASD(C3I) to determine the reporting of C3 activities. C2 and Communications systems will be reported to Congress in a separate NSS annex, and also recorded in the C3ISR Resource Data Base.*
- *Highly sensitive and special access programs and whose resources are specifically exempted from budget reporting by the ASD(C3I) and other OSD authorities. In general, these resources are reviewed through the separate or Intelligence budget processes.*

180203 Arrangement of Backup Exhibits

Exhibits will be assembled by the application in the sequence shown in Section 180202, as applicable. Submissions will include appropriate summary and exhibit indices (e.g. Exhibits IT-1 and IT-300b).

1803 CONGRESSIONAL JUSTIFICATION/PRESENTATION

180301 Purpose

This section provides guidance for the organization of justification material for the Information Technology *and National Security systems and programs* submitted in support of the President's budget. The Department will submit a final, consolidated report to OMB and Congress.

180302 Justification Book Preparation

Justification Books will be prepared in the same manner as specified in Section 1802. In addition, the justification books submitted to Congress are to be unclassified or declassified.

180303 Submission Requirements

Submission requirements are as specified in Section 180202 except as noted below:

A. For President's Budget Congressional Justification Materials: Intelligence IT resources funded via NFIP and special access programs continue to be exempted from IT/NSS Congressional Justification books. C2 and Communications systems will be separated and displayed in a National Security Systems Annex.

B. Advance transmissions are required to be reviewed and approved by the Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) (OASD(C3I)) prior to the DoD Component's official submission and production.

180304 Input for Summary Information Technology Justification Books

A. General. All exhibit data shall be submitted in automated form. The OASD(C3I) is responsible for providing the DoD Information Technology summary tables of the IT and NSS data in accordance with prior congressional direction and Section 1804 of this Chapter. *The Information Technology Management Application will generate the President's Budget reporting package once the IT Overview and 300b documents have been sent electronically to the OASD(C3I) Director of Resource Management: The package will then include correct headers, a cover page, a table of contents, overview and appendices; IT-1 Index, report and NSS annex and appendix and the Capital Investment reports. These will generate a single, integrated submission in Microsoft Word format that they may be used for internal coordination. To accomplish this requirement, electronic formats will be used by the Defense Components to generate their submission.* The OASD(C3I) will maintain the electronically submitted IT/NSS Budget database. Other specific guidance for the IT budget materials will be provided as required.

B. Distribution of the final justification material in hardcopy and CD ROM will be made to Congress, the Office of Management and Budget (OMB). CD ROM will be provided to the Government Accounting Office (GAO) and the DoD Inspector General.

- *OASD(C3I) will provide draft versions for OMB review. Submissions will then be sent to Congressional committees. Services will send the draft versions through final Security Review IAW Comptroller instructions and provide a copy of the appropriate release form to OASD(C3I) Director of Resource Management.*

- OASD(C3I) will consolidate the electronic submissions from the Defense Components to prepare integrated and individual portfolio overviews, summary information and graphics. After OMB review, OASD(C3I) will distribute to OMB, Congress (House National Security Appropriations Subcommittee (2 copies), Senate Defense Appropriations Subcommittee (2 copies), House National Security Committee (2 copies), Senate Armed Services Committee (2 copies).

- Once the justification books have been released to the Congress and the OMB, the data will be available on the C3I web page and via CD ROM distribution made in accordance with the format, table and media guidance (Justification Material Supporting the President's Budget Request) in Volume 2, Chapter 1.

1804 INFORMATION TECHNOLOGY PROGRAM SUBMISSION FORMATS

180401 Purpose

Electronic formats and submission requirements are provided through the OASD(C3I) designated Information Technology Budget Web page *at* http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html and they reflect guidance presented in previous sections of this chapter. Unless modified in a subsequent budget call, Components should use the formats in this chapter. Components will not use embedded or linked spreadsheets in word documents, unless the source spreadsheets are provided along with the Word documents. Each document should be a separate entity, the application will integrate the documents as required.

180402 Exhibits in Support the Information Technology Budget Submission

IT/NSS Portfolio Assessment Overview 14
Information Technology Resources and National Security Systems Annex 16
IT Resources Totals by Appropriation 17
Initiative/Project Title - IT Capital Investment Exhibit (IT- 300b) 18

(Name of DoD Component)
Information Technology Portfolio Assessment and Overview
(Appropriate Submission Heading)

1. Purpose. Provide a justification of each Component's Information Technology/National Security Systems resources.

2. Submission. An Information Technology Portfolio Assessment Overview (IT PAO) is required from all Defense Components who have any IT/NSS obligations/costs in any single PY, CY, BY-1, and/or BY-2 for information technology activities. The information will be submitted electronically as indicated in technical guidance on the C3I web page. Hard copy and electronic data views will be ***landscape oriented***. Submission Heading will follow the terminology required in the budget call memorandum. Additional reporting and formatting requirements will be identified in the call memorandum, as necessary.

3. Entries. IT PAO- also referred to as the IT OV or overview. This entry provides a narrative of the component's information technology investment portfolio. *Electronic formats, previous submissions are available on the Information Technology Budget Web at http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html . The MILDEPS and selected Defense components listed in Section 180101 (2) will provide standalone overviews. Military Department and selected Defense Agencies and Activities (DISA, DLA, DFAS, DHRA, OSD and WHS) will submit separate overviews, Other agencies and activities will submit abbreviated overview information that will be included in an overall Defense Wide Overview. Remaining components will provide input that will be incorporated into a Defense Wide discussion. Components will provide justification of the IT/NSS investment portfolio in support of the DoD IT strategic plan and Joint Vision 2020 context; description of the investment in and the use of IT/NSS supporting your Component's mission; and address the priorities of the portfolio as well as the prioritization process. A discussion of the projected and actual accomplishments of major and significant investments and/or acquisition activities by functional/mission areas (include mission performance measures) will including any terminations, new starts, consolidations, and functional transfers. For each Major Initiative the Executive Agent or principal funding activity will include a summary discussing any milestone, budget, reprogramming, or acquisition decision or change from the last budget submission.*

Components will summarize increases, decreases in current resources (by appropriation/fund) from the prior baseline budget submitted to Congress and justify the changes without references to internal documents or unique terminology. The baseline will also identify, in simple table format, the previous submission's appropriated funds by fiscal year, the current submission's appropriated funds, the total difference and a brief explanatory audit trail of the differences (e.g. transfers to and from the component, major changes in funding, congressional reductions, system increases, decreases, or terminations) within and between Fiscal Years. **A similar section should be included for other than appropriated fund resources (Defense Working Capital Fund, other industrial funds, or resources from other Federal Agencies)**. Component's IT activities need to provide information to clearly describe funding changes from the prior year baseline and prior submission baselines, including any changes within the fiscal years. Administrative changes such as additions of initiatives related to the IT-1 or the IT-300b exhibit section (e.g., deleting major IS's from reporting) will be explained in the management section. *All acronyms must be completely identified.* The management section will also identify any system, program or initiative additions, consolidations, deletions, and name modifications from the prior year congressional justification baseline. *All information documented in the IT Overview must be consistent with other justification materials submitted to Comptroller and Congress. The information must be internally consistent within the supporting exhibits (IT OV, IT-1 and IT(300b). If the component has not provided complete budget tracking information within the electronic application, an Appendix A will have to be provided.*

A special Information Assurance Section or Annex will be required to assist in preparations for the ISSP and DIAP IA justification materials provided separately to Congress, and must be consistent with ISSP justification and financial reporting. Requirements for this annex will be refined during the Program Review FY 02-07 cycle.

IT Appendix A – Detailed Crosswalk of Resources to Appropriation Justification Books. Using correct headers; for each separately reported initiative (major and non major), provide a cross reference by appropriation to the appropriate justification book.

Initiative Name	***$ by FY***	***FY200x Appropriation/ Fund***	***FYDP Codes***	***FY200x Appropriation/Fund***	***Budget Book Cross Reference***
		(separate line for each funding line of the initiative)- Use title of appropriation		*(separate line for each funding line of the initiative)- Use title of appropriation*	*O&M Appns (includes DHP): O-1 Detail (Budget Activity/Sub Activity Group) and Program Element for all Defense Agencies.* *Procurement Appns: P-1 Detail (Budget Activity/Line Item/Project Code)* *RDT&E Appns: R-1 Detail (Budget Activity/Line Item/Project Code* *DWC Fund and Similar Funds: Business Area/Elements of Detail* *MILCON and Family Housing: Line Item/Project Code* *Other Appns: As required in appropriate chapter of FMR.*

(Name of DoD Component)
Information Technology Resources and National Security Systems Annex
(Appropriate Submission Heading)

1. Purpose. To collect and display appropriation/budget line item detail information. These data are used to prepare electronic submissions to review component's IT resource portfolio, update OMB budget displays, and generate Congressional displays for each Component's Information Technology/National Security Systems resources.

2. Submission. Every component that obligates funds for information technology activities, including information services and IT infrastructure must submit this information through the Information technology management application. Technical requirements are available on the Information Technology Budget Web at http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html. The information will only be submitted electronically through the Information Technology Management Application (ITMA). Additional reporting and formatting requirements may be identified in the call memorandum and on the web page, as necessary.

3. Entries IT/NSS-1 Resources by GIG/IT/DII Category Exhibit (IT-1) Data are collected in the ITMA for Prior Years, Current Year, Budget Year(s); and Program Years. These data generate the detailed IT-1, Information Technology/National Security System Resources by Functional or Program Area/Mission and Category, resources are reported using the GIG/ IT/DII Reporting Structure. This structure is discussed in Section 180106. Exhibit IT-1 must be prepared using the system categorization requirements (major, significant, and other) as well as by current services/development and modernization, and by budget line item /appropriation/fund source. As identified on the page at http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html, IT-1 will record the appropriate initiative number and title registered in the IT budget automation master tables.

The core of the submission is the Budget Identification Number (BIN) that categorized and assigned to the GIG/IT/DII structure. Current and archived initiatives can be viewed on the ITMA web page. Since the electronic submission is based on the IT master list, maintenance of this list is very critical. Components need to review their initiatives and recommend improvements including new initiatives, consolidations, and retirement of initiatives. Initiatives are used by multiple components and changes are subject to that consideration. OASD(C3I) is the final arbitrator of entries on this master initiative list. Components are responsible for crosswalking the BIN information to the IT registration data base, required by Section 8121, FY 2000 Defense Appropriation Act. Registration requirements for ITMA are discussed on the C3I web page.

*For FY 2002 Budget -- **National Security Systems (NSS)** for C3 and related activities may be entered into the ITMA application, or provided by separate electronic format, must contain the level of detail required in the ITMA, including Budget Line item level of detail and FYDP codes. The Resource Management Office, ODASD(P&E) OASD(C3I) will work with affected components to transition or incorporate this requirement into the required ITMA/C3ISR databases.*

Software and additional guidance is provided through the OASD(C3I) designated Information Technology Budget Web page at http://www.c3i.osd.mil/org/pe/rmd/infotech/index.html and as discussed in budget call memorandum.
Note: the electronic format includes FYDP/ budget line item requirements. Military Departments and Defense Agencies/Activities will either update this information through the IT Management Application, or provide a detailed crosswalk appendix discussed in this document.

Preparation of OMB A-11, 300b Report—Updated instructions are maintained on the C3I Web Page, and are based on changes to the A-11, Part 3, Capital Investment Justification and the Capital Programming Guide. Financial terms are consistent with this FMR, specifically this Chapter. Program information needs to be consistent with requirements from the DoD 5000 series and the Acquisition Deskbook.

1. Purpose. This report provides detailed project information on major DoD IT/NSS System/Initiative investments and provides results-oriented information for that investment. This reporting requirement is described on the C3I web page. Descriptive information will be compatible with the Master Initiative list maintained on the C3I Web page.

2. Submission. The exhibit is required for each major DoD IT/NSS initiative/program reported in the Exhibit IT-1. Current major DoD/IT initiative/program can be identified in the Master Initiative Table found on the C3I web page. Any component that obligates funds for a major system fills out relevant descriptive information and Part 1 of this exhibit. The Executive Agent or the principal funding agent will fill out all descriptive information, both Part 1 and Part 2.

3. Entries. For each major DoD/IT initiative/program, the following guidance is applicable:

a. Description Information: The initiative/project name is the name of the major initiative/project being reported; the initiative number is the number currently registered on the Master Initiative list (this can be found on the C3I Web page.); the Program Activity/Mission Area refers to GIG/IT/DII categories, functional and program activities; the Project status refers to the date the project was initiated, date of last Acquisition Decision Memorandum (ADM) and the milestone/phase of the current review; whether or not the project is a financial management system; Mission Critical status; and the Organizational POC/Program Manager. Further information for filling out this section of the 300b can be found in the following exhibits and on the C3I Web page.

b. Part I: The Summary of Spending for Project Stages requires the budget authority and outlay estimates in millions of dollars. This section provides a detailed report of the initiative/programs funds for Summary of Prior Years –1; FY PY, FY CY, FY BY1, FY BY2, FY BY3, FY BY4, FY BY5, within each stage, and at selected detail. FY is Fiscal Year; PY is prior year or prior years; CY refers to Current Year; BY is Budget Year. For the FY 2002 Budget submission, FY BY1 is FY 2002, using that as the baseline, the PY-1 would sum all expenditures from FY 1999 and earlier; the Prior Year would be FY 2000; while the Current Year is FY 2001. In a Biennial Budget Year, BY 1 is the upcoming budget submission year, subsequently BY 2 is FY 2003 and so on. BY 2 and beyond are also referred to as the "Program Years". The stages shown in the table are Planning, Full Acquisition, Current Service/Maintenance, Total Budget Authority and Total Outlays. Further instructions for filling out this section of the 300b can be found on the following exhibits and the C3I Web page. As applicable, these data must correlate with the components IT-1 Exhibit information.

c. Part II: The Budget Justification Materials section requires detailed information on Justification, Program Management, Contract Strategy and Architecture, Infrastructure Standards, and Financial Basis for Selecting the Project. Further instructions for filling out this section of the 300b can be found theC3I Web page. Many terms relate to the DoD 5000 series, Acquisition Deskbook, and acquisition management products.

d. Part III: The Cost, Schedule, and Performance Goals section requires baseline cost, schedule, and performance goals for all proposed and ongoing acquisitions. The agency planning process is expected to produce acquisition plans that have a high probability of successfully achieving goals. In this section you are required to give a Description of Performance based systems, Previous Baseline, Baseline, Current Estimate and Variance from Baseline Goals in Dollars Million for PY-1, PY, CY, BY, BY1 BY2 BY3 and BY4-n. There is also a section for Corrective actions. Further instructions for filling out this section of the 300b can be found on the C3I Web page.

Department of Defense
(Name of DoD Component)
Capital Investment Exhibit (A11, Part 3, 300b report)
(Appropriate Submission Heading)

Description Information:

Initiative Name and Acronym:
Initiative Number: IT Registration System Number (Section 8121, FY 2000 DoD Appropriation) _____

Executive Agent for this Major Initiative: _____
Program Activity/Mission Area:
Date Project was Initiated:
Date of Last Acquisition Decision Memorandum (ADM):
Project is in ___ Milestone, Approval Dated: _____, _____ Phase as of current review.
Project Status: New ☐ Ongoing ☐

Information Technology Project or National Security System:

Is this project a financial management or Mixed Financial System. If yes, what percentage is financial_____, for your component.

Percentage of System supporting Information Assurance Activities: _____

Project Date for Completion:
Mission Critical Status:

Organizational Information/Program Manager:
Address

Department of Defense
(Name of DoD Component)
Capital Investment Exhibit (A11, Part 3, 300b report)
(Appropriate Submission Heading)

Part I. Summary of Spending For Project Stages:

Project Name and Acronym:
Project Activity/Mission Area:

	Dollars in Millions						
	Cumulative To-tal FY 1999 and prior	**FY 2000**	**FY 2001**	**FY 2002 (this is the Budget Year)**	**FY 2003**	**Cum total FY 2004 - FY 2007**	**Total**
Planning							
APPN or Fund 1 to n - Dev Mod							
Total Dev Mod							
Full Acquisition							
APPN or Fund 1 to n - Dev Mod							
Total Dev Mod							
Current Services/Maintenance							
APPN or Fund 1 to n - Current Services							
Total Current Service							
Total Resources by FY							

Department of Defense
(Name of DoD Component)
Capital Investment Exhibit (A11, Part 3, 300b report)
(Appropriate Submission Heading)

Part II: Justification
Provide Requested Justification Materials:

A. Description/Performance Characteristics:

1. Section E. Investment Description.
2. Statement of how this project helps the agency meet the agency/DoD mission; long term strategic goals and objectives (DPG, Mission goals and/or IT strategic plan). This should be beyond the Mission Element Needs or requirements described above.
3. Describe the pre milestone O/ Planning activities that lead up to this decision. Business Process Reengineering, Migration plan; other approaches.
4. Basis for selecting the project, including demonstration that the investment is required for inherently government function; demonstrate that the work processes have been redesigned to reduce costs and improve effectiveness.

B. Program Management/Management Oversight:

A. Identify the process owner (business activity, military mission), executive agent, program manager, and contracting office that manages this project if not, how is this project managed?
B. Does this project use Integrated Project Teams approach? If not, how is the project/initiative accomplishments monitored; how are resources reviewed.

C. Contract Information:

1. Identify major contract names; prime contractor and City, State, if awarded.
2. Identify the type of contract and why it was chosen.
3. Identify whether the contract is performance-based and summarize the performance goals in the contract.

D. Architecture and Infrastructure Standards:

1. Does this system meet current Government wide, DoD and Agency interoperability requirements? Describe current compliance levels, target levels, and date target will be accomplished. (Map to agency's technology vision.)
2. Infrastructure Strategy:
3. Are HW requirements included in this funding? If not, how?
4. Transport (Communications and Computing) requirements are met by what means?

5. What are the interdependencies with other acquisitions (such as base level infrastructure requirements.
6. Is this system based on COTS; mix of COTS and custom, or custom only. Provide justification for custom components

E. Program Highlights:

1. *Succinctly address program highlights for the prior year, budget year and program years 1and 2.*
2. *Specifically address acquisition milestones scheduled in the budget period and the completion of all Section 8121 requirements.*

F. Financial Basis for Selecting the Project:

Provide the Analysis of Full Life-Cycle costs (estimates of total cost of ownership. Include current rebaselining information and basis for rebaselining).

	Dollars in Millions						
	Program Year 1	**Program Year 2**	**Program Year 3**	**Program Year 4**	**Program Year 5**	**Program Year - N**	**Total**
APB Total Resources by FY							
Increment 1- N if applicable							
Rebaseline Total Resources by FY							

1. Cost/benefit analysis (including return on investment (ROI), replaced system or process savings, recovery schedule and any intangible (mission) returns that benefit the organization/mission but are difficult to quantify.
2. Analysis of alternative options. (Describe preliminary activities if AOA not yet performed.)
3. Underlying assumptions.
4. Estimate of Risks.

Department of Defense
(Name of DoD Component)
Capital Investment Exhibit (A11, Part 3, 300b report)
(Appropriate Submission Heading)

Part III: Cost, Schedule, and Performance Goals:

A. Description of Performance based system(s):
Baseline Information:
Management oversight—or the system used to monitor the achievement or deviation from goals during the life cycle of the project. Earned value or alternate approach. (if not earned value what is used?)

	Cum total FY 1999 And prior	FY 2000	FY 2001	FY 2002	FY 2003	Cum Total FY 2004-FY 2007	Total
B. Previous Baseline:							
Cost Goals ($M)							
Schedule Goals (milestones)							
C. Baseline:							
Cost Goals ($M)							
Schedule Goals (months)							
D. Current Estimate:							
Cost Goals ($M)							
Schedule Goals (months)							
E. Variance from Baseline Goals:							
Cost Goals ($M)							
Schedule Goals (months)							

- Has this system been rebaselined since initial program establishment. If so, when and why.
- Has this system had milestone slippages since the last president's budget.
- Cost Goals of current approved milestone/phase: Have their been changes (10% from last submission) since the last President's Budget submission?
- What was the basis of the dollar change and how did this impact the milestone/phase/increment objectives?
- Variance from last submission (identify which submission): If there has been a 10% change, discuss variance in G.. below.
- Describe how the CIO/CFO and MDA/IPT will be/has been informed of this variance. (Include when and by what means).
- If there has been a 10% change in the FYDP program, or in any fiscal year, describe and justify the variance.

- If the cost variance is caused by contract price/quantity changes, describe.

❖ Performance Goals (report for same years/groupings as the Cost and Schedule Goals) —Summarize the Performance goals of the acquisition and show how the assess will help the agency meet its overall mission, strategic goals, and annual performance plan. Summarize the in house and contract work goals here.
❖ Describe goal accomplishments.

F. Corrective actions:

- Identify and discuss corrective actions that have been or will be taken if the current cost or schedule estimates have a negative varieance.
- Identify the effect the actions will have on cost, schedule and performance.
- Include barriers or risks to meeting funding/cost goals. Describe methods to reduce risk.

Schedule Goals:
Milestones

Baseline (Milestone) Schedule	Last President's Budget (Month/Year)		Current Submission (Month/Year)
	Approved	Achieved	Approved/Estimated
Milestone, phase; increment 1-N			

- Since the current approved position, is there a change to the estimate. Describe reason and impact. What process will be used/was used to notify the CIO/CFO and MDA/IPT of this change? (When and by what means?)
- Variance from schedule from last submission (identify which submission). Justify variance.
- Describe Corrective Actions. Include barriers or risks to meeting schedule goals. Describe methods to reduce risks.

Performance Goals:

Summarize the performance goals of the acquisition as stated by the current requirement. Discuss both mission and system performance goals.

- Identify accomplishments to date; describe mission and system performance goals against the milestone schedule, or other schedule.
- Variance from performance from last submission (identify which submission): Are the performance goals on track since last president's budget submission/last milestone or phase change? Identify any barriers/risks which must be accommodated. Justify variance.
- Describe corrective actions. Include barriers or risks to meeting schedule goals. Describe methods to reduce risk.

CHAPTER 19
OTHER SPECIAL ANALYSES
Table of Contents

1901 GENERAL 1
190101 Purpose 1
190102 Submission Requirements 1
190103 Preparation of Material 1
190104 References 1
1902 COMBATING TERRORISM 2
190201 Purpose 2
190202 Submission Requirements 2
190203 Special Instructions 2
1903 MAJOR RANGE AND TEST FACILITY BASE 9
190301 Purpose 9
190302 Submission Requirements 10
190303 Preparation of Material 10
190304 Special Instructions 10
1904 TEST AND EVALUATION FUNDING 11
190401 Purpose 11
190402 Submission Requirements 11
190403 Preparation of Material 11
190404 Special Instructions 11
1905 FINANCIAL MANAGEMENT ACTIVITIES 12
190501 Financial Management Activities 12
1906 GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) 13
190601 Purpose 13
190602 Submission Requirements 13
1907 NOT USED 14
1908 FEDERAL CREDIT PROGRAMS 15
190801 Purpose 15
190802 Submission Requirements 15
1909 OTHER SPECIAL INTEREST AREAS 17
190901 Purpose 17
190902 Submission Requirements 17
1910 CLASSIFICATIONS AND DEFINITIONS – COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE PROGRAMS 18
191001 Purpose 18
1911 OVERSEAS MILITARY BANKING PROGRAM (OMBP) 19
191101 Purpose 19
191102 Submission Requirements 19
1912 OTHER SPECIAL ANALYSES SUBMISSION FORMATS 20
191201 Purpose 20
191202 Exhibits in Support of Section 1902 – Combating Terrorism 21
191203 Exhibits in Support of Section 1903 - Major Range and Test Facility 21
191204 Exhibits in Support of Section 1904 - Test and Evaluation 21
191205 Exhibits in Support of Section 1909 - Other Special Interest Areas 21
191206 Exhibits in Support of Section 1911 - Overseas Military Banking 21

CHAPTER 19

★June 2000

OTHER SPECIAL ANALYSES

1901 GENERAL

190101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional back-up justification for various special interest areas not covered in preceding chapters.

B. The exhibit requirements cover resources crossing DoD appropriations and are generally functional in nature.

C. Areas covered in this chapter are as follows:

Section

1902 Combating Terrorism
1903 Major Range and Test Facility Base
1904 Test and Evaluation Funding
1905 Financial Management Activities
1906 Government Performance and Results Act (GPRA)
1908 Federal Credit Programs
1909 Other Special Analyses
1910 Classifications and Definitions Special Programs Major Force Program 3
1911 Overseas Military Banking Program

190102 Submission Requirements

Unless indicated in individual sections of this chapter and submission distribution in Chapter 1, exhibits are required for both the Budget Estimates Submission and for the Congressional Justification/Presentation submission. General guidance with regard to submission requirements is presented in Chapter 1.

190103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 19 provides additional specific guidance with regard to the material required for these special exhibits.

190104 References

Chapter 1 provides general funding policies, Chapter 3 provides specific policies related to Operation and Maintenance costs, Chapter 4 provides specific policies related to Procurement appropriations, Chapter 5 provides specific policies related to RDT&E, Chapter 6 provides specific policies related to Military Construction appropriations, and Chapter 9 provides specific policies related to the Defense Business Operations Fund. Certain requirements are also addressed in OMB Circular No. A-11

1902 COMBATING TERRORISM

190201 Purpose

A. This chapter provides instructions applicable to budget formulation for the DoD Combating Terrorism (CbT) funding requirements included in the DoD Components' budget requests. These instructions apply to all Components and all DoD appropriations.

B. The data collected through this reporting process will be used to comply with congressional and OMB reporting requirements. In addition, CbT funding levels will be reviewed by the Assistant Secretary of Defense for Special Operations/Low Intensity Conflict (ASD SO/LIC) in his/her role as principal advisor to the Secretary on CbT activities. Information on Antiterrorism (AT) resource levels is required by the Chairman of the Joint Chiefs of Staff to review annually the adequacy of AT resources proposed by the Components and to determine if any changes are required to meet AT requirement.

190202 Submission Requirements

A. Submission of exhibits is required for the Budget Estimates Submission and an update (using an abbreviated exhibit format) is required for the President's budget submission. Each Component will complete the CbT-1 Exhibit, Combating Terrorism Resources, and the CbT-2 Exhibit, Combating Terrorism Narrative Description, for the Budget Estimates Submission and for the President's budget submission. The President's budget submission exhibits will be presented in a consolidated congressional justification book which will be prepared by OASD(SO/LIC). Specific instructions for completing these exhibits are included in Section 191202.

B. The ASD(C3I) will validate tactical counterintelligence resources identified by the Components and advise the OUSD(C) P/B Operations and Personnel Directorate that reported resources are accurate. Additionally, the ASD(C3I) will prepare a separate CbT-1 and CbT-2 Exhibits to report DoD Joint Military Intelligence Program (JMIP) resources.

C. Copy requirements are identified in Chapter 1. In addition, one copy (each) of the CbT-1 and CbT-2 Exhibits will be provided to the OUSD(C) P/B Operations and Personnel, Room 3D868, and to the OASD(SO/LIC) Combating Terrorism Policy and Support (CTP&S), Room 2B535. The ASD(C3I) will provide copies of their respective exhibits to the OUSD(C) P/B Operations and Personnel Directorate in Room 3D868 and to OASD SO/LIC (CTP&S) Room 2B535.

190203 Special Instructions

A. The OASD (SO/LIC) will actively participate in the review of all budget submissions for combating terrorism activities and will offer recommendations to ensure approved CbT policies are reflected in the budget. The OASD(SO/LIC) will consolidate and provide to the Congress a single budget justification book detailing the Department's CbT efforts and associated funding requests.

B. The OASD(SO/LIC), Joint Staff Deputy Director for Combating Terrorism (J-34), and ASD(C^3I) will participate with representatives of the OUSD(C), ODPA&E, and OMB in the review of all budget submissions for combating terrorism to ensure that the DoD combating terrorism and force protection programs are funded adequately.

C. The CbT-1 and CbT-2 exhibits in Section 191202 are used to identify the Department's combating terrorism resources, dollars and personnel. They consist of tabular and narrative data as outlined below. These exhibits will report only those resources (including civilian and military pay) associated with DoD's Combating Terrorism Program. Combating terrorism within DoD includes 1) antiterrorism (defensive measures taken to reduce vulnerability to terrorist acts), 2) counterterrorism (offensive measures taken to prevent, deter, and respond to terrorism), 3) terrorism consequence management (preparation for and response to the consequences of a terrorist incident/event), and 4) intelligence support (collection and dissemination of terrorism-related information) taken to

oppose terrorism throughout the entire threat spectrum, to include terrorist use of WMD and/or high explosives. The four functional categories are described below:

1. ANTITERRORISM

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, military working dogs, 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, individual protective equipment, 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, mylar/fragment retention film, 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 and 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.

g. RDT&E - Includes any RDT&E resources expended in the area of antiterrorism. Activities included (but not limited to) are Defense Threat Reduction Agency, Counterterrorism Technical Support Program (CTTS), and the Physical Security Equipment Action Group (PSEAG).

2. COUNTERTERRORISM

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.

a. Special Operations Command Activities

b. Research Development Test and Evaluation (example, CTTS)

3. TERRORISM CONSEQUENCE MANAGEMENT

The DoD preparedness and response for mitigating the consequences of a terrorist incident including the use of a weapon of mass destruction. The DoD terrorism consequence management activities are designed to support the lead federal agency and include measures to alleviate damage, loss of life, hardship or suffering caused by the incident; protect public health and safety; and restore emergency essential government services. For clarity, descriptions of the subcategories are as follows:

a. Domestic Preparedness Program (DPP) - Exercises and related exercise funding in support of the Department of Justice lead DPP program.

b. Terrorism Consequence Management Response

(1) Special Response Units. (Report only those funds needed in support of consequence management, not the total cost of the response unit costs.)

(a) Chemical/Biological Rapid Response Team (CB-RRT). Coordinates and manages the DoD technical capabilities necessary to respond to a chemical/biological (CB) terrorist incident. Serves a critical role in the overall DoD response plan in support of the lead federal agency and civil authorities in the event of a CB terrorist incident. The CB-RRT is composed of military personnel and DoD civilians, who provide technical assistance to federal, state and local officials in the response to, and mitigation of, incidents involving Weapons of Mass Destruction (WMD) which contain (or are suspected to contain) chemical or biological materials (or related hazardous materials). Assistance includes detection, neutralization, containment, dismantlement and disposal. As directed, the supported commander-in-chief (CINC), Joint Special Operations Task Force (JSOTF), Joint Task Force for Civil Support (JTF-CS), or Response Task Force (RTF), exercises operational control (OPCON) over CB-RRT.

(b) Military Support Detachment – Weapons of Mass Destruction (WMD) Civil Support Teams. Under the command and control of a state governor, assists the local incident commander to assess the situation and provide initial identity of suspected agents, advise on hazard mitigation, and facilitate requests for assistance for additional military support elements in the affected area. The teams are highly specialized WMD response units that consist of 22 full-time Title 32 status Air National Guard and Army National Guard personnel, who commit to a 3-year stabilized tour due to the critical special training and mission requirements. The teams are divided into seven elements – command, operations, survey (contamination), medical, logistics, communications (links to federal, state, and local agencies), and administration. There are 14 different specialties represented on each WMD Civil Support Team. The WMD Civil Support Teams were previously named Rapid Assessment and Initial Detection (RAID) Teams.

(c) US Air Force Radiological Assessment Team (AFRAT). A rapidly deployable team with the manpower and equipment necessary to respond to accidents or incidents involving radioactive materials. The team can provide in-depth technical assistance in identifying the immediate health risks associated with radiological threats. Located at Brooks Air Force Base, Texas, AFRAT can deploy within 72 hours, depending on the situation.

(d) US Army 52nd Ordnance Group (EOD). Provides military explosive ordnance disposal (EOD)/bomb squad units to defeat or mitigate the hazards from conventional, nuclear, or chemical military munitions and weapons of mass destruction (WMD) throughout CONUS as requested by local, state, or federal law enforcement or military authorities. Three EOD companies located at San Diego, California; San Antonio, Texas; and Andrews Air Force Base, Washington, DC; have been designated to receive specific training on chemical and nuclear WMD. These companies possess unique counter booby trap equipment and are trained to operate specialized equipment (provided by the Department of Energy (DOE)) used for diagnostics and to render safe/mitigate a WMD nuclear initiation. Similar equipment is also used with the technical escort units (TEU) for chemical/biological WMD scenarios.

(e) US Army Technical Escort Unit (TEU). Provides worldwide, no-notice capability to conduct field sampling, identification and verification, monitoring, recovery, decontamination, escort, and mitigation of hazards associated with chemical and biological materials in compliance with international, federal, state, and local laws.

(f) US Marine Corps Chemical/Biological Incident Response Force (CBIRF). Tailored as a highly trained, rapid response force capable of providing consequence management for terrorist initiated chemical and biological attacks, in order to mitigate the effects of multiple/mass casualty incidents. These skills include threat identification, casualty extraction, personnel decontamination, and medical triage/treatment/stabilization. The CBIRF also maintains an information "reach-back" capability to a cadre of CB subject matter and disaster response experts for consulting purposes.

(g) US Navy Environmental and Preventive Medicine Unit (NEPMU), Chemical, Biological, Radiological, Environmental Defense Response (CBRED) Team. Teams are task organized for each incident and can provide doctors, industrial hygienists, environmental health officers, microbiologists, preventive medical technicians, among other related professionals. Teams are on alert for rapid response and are available to advise the Chemical/Biological Rapid Response Team (CB-RRT), local public health authorities, and to augment other CB-RRT medical assets.

(h) US Army Medical Research Institute of Chemical Defense (USAMRICD), Medical Chemical Biological Advisory Team (MCBAT). Provides the primary source of medical information dealing with the management of chemical warfare agent casualties for the federal government. The MCBAT assists the WMD incident commander by identifying the medical implications to military and/or civilian operations, and advising on the initial and long-term management of chemical casualties at the incident site. As necessitated, the MCBAT supervises the collection of biological samples (bodily fluids) for subsequent verification of chemical agent exposure that can be used to facilitate confirmation, diagnosis and treatment. Experts on the team are from USAMRICD and the US Army Medical Research Institute of Infectious Diseases

(i) US Army and US Navy Radiological Control (RADCON) Teams. Provide radiological monitoring support and advice to the Response Task Force. Located at Fort Monmouth, New Jersey, and Norfolk, Virginia, respectively, the teams are capable of deploying within several hours.

(j) US Army Radiological Advisory Medical Team (RAMT). Specially trained in radiological health matters, this team can provide assistance and guidance to the on-scene Response Task Force and local medical authorities. The RAMT is located at Walter Reed Army Medical Center, Washington, D.C.

(k) US Army Response Task Forces (RTF). Deploy in support of the lead federal agency providing operational control over all committed DoD elements (less Joint Special Operations Forces teams) to coordinate military support of crisis and consequence management operations. The RTF commander could establish a fully functional 24-hour command and control operations center in the vicinity of the incident within 24 hours of notification. The RTF-East is located at First Army HQs, Fort Gillem, Georgia; and RTF-West is located at Fifth Army HQs, Fort Sam Houston, Texas.

(l) Defense Threat Reduction Agency, Defense Nuclear Advisory Team (DNAT). Provides unique nuclear related technical assistance to the Response Task Force or the lead federal agency. Teams are comprised of health physicists, radiation physicians, legal advisors, and other related professionals and can deploy within 4 hours.

(m) Joint Task Force for Civil Support (JTF-CS). Responsible for the planning and execution of military assistance to civil authorities for consequence management of WMD incidents within the US, its territories, and possessions. The JTF-CS is a standing joint task force headquarters element, with an operational focus, but no assigned forces. The JTF-CS will respond to a WMD incident, in support of the lead federal agency, when authorized by appropriate authorities through the Joint Operations Planning and Execution System. The JTF-CS will participate in consequence management, as a follow-on force behind local first responders and state assets. In special circumstances, the JTF-CS may send an advance element.

(2) Installation Preparedness - Installation Preparedness involves the planning and training necessary to identify and mitigate vulnerabilities to WMD events using Joint Staff tools (e.g., the Installation Planning Template and its WMD Annex). Department of Defense (DoD) installations are owned and operated by the Services and are similar to cities, towns, and civilian communities. The DoD installations are often open, contain schools, medical facilities, and shopping malls.

(3) Research Development Test and Evaluation. (Report only those funds that have consequence management applicability, not total costs.)

(a) US Army Edgewood Chemical and Biological Forensic Analytical Center Modular On-site Laboratory. Provides on-site laboratory capability to analyze chemical surety materials, foreign chemical warfare agents, and other hazardous industrial chemicals. The lab is comprised of a series of transportable modules, which contain analytical instruments, and all supporting equipment such as electrical generators for short-term power requirements. The laboratory is accompanied by up to five personnel, to include chemists and sampling technicians, and can be deployed within 4 hours of notification.

(b) US Army Medical Research Institute of Infectious Diseases (USAMRIID). Conducts research to develop strategies, products, procedures, and training programs for medical defense against biological warfare threats and infectious diseases. Develops vaccines, drugs, diagnostic tests, and medical management procedures to protect military personnel against biological attack or endemic infectious diseases. Provides medical and scientific experts and technical guidance to commanders and senior leaders on the prevention and treatment of hazardous diseases and management of biological casualties. Serves as the DoD reference center for identification of biological agents. Primary capabilities provided are technical expertise, extensive laboratory

facilities, and the Aeromedical Isolation Team (AIT). The latter is a rapid response unit that can deploy to any area of the world to transport and provide patient care under high containment of contagious and dangerous diseases. The team possesses limited capability, equipment, and staff, which is not feasible for use in a mass casualty situation. Currently, there are no personnel assigned directly to the AIT; upon deployment, they would be comprised of two elements, each capable of transporting one patient.

(c) US Navy Medical Research Institute (NMRI). Provides a transportable biological field lab, capable of rapid identification of biological warfare agents. The field lab can be packaged into six to seven boxes, totaling 350 to 400 pounds. With a team of two operators, the lab can be ready to deploy within 4 hours.

c. Research Development Test and Evaluation – Defense agency RDT&E support to DoD Terrorism Consequence Management efforts.

4. INTELLIGENCE SUPPORT TO COMBATING TERRORISM

Collection, analysis, and dissemination of all-source intelligence on terrorist groups and activities intended to protect, deter, preempt, or counter the terrorist threat to US personnel, forces, critical infrastructures, and interests.

a. Counterintelligence (CI) - Includes personnel and funding associated with Tactical Intelligence and Related Activities (TIARA). 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.

b. Research Development Test and Evaluation. For example, counterterrorism Technical Support Program.

D. Entries for CbT-1 Exhibit

1. 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.

2. Appropriation Summary: For each appropriation (O&M, Military Personnel and Military Construction) report budget authority by appropriation, budget activity, and applicable subactivity group level/program line item/project. Procurement, and RDT&E appropriations, report the total combating terrorism budget authority funds by budget activity and by program element. For DWCF accounts, report obligation authority at the Working Capital Fund business area.

3. Financial Summary Section:

a. Military Personnel. Report resources by CbT functional category and subcategory at the appropriation budget activity level.

b. Operation and Maintenance. Report resources by CbT functional category and CBT subcategory, budget activity, and subactivity group level (O-1 line).

c. Procurement. Report resources by functional category, budget activity, and program element (PE) (P1 line item).

d. RDT&E. Report resources by CbT functional category and CbT subcategory, and program element ((PE)/R-1 line item).

e. Military Construction. Report resources by CbT functional category and subcategory, State/Country, and project title.

f. Defense Working Capital Fund. Report resources by CbT category and subcategory by working capital fund business area level.

4. Personnel Summary Section:

a. For each applicable appropriation, report civilian personnel full-time equivalents (FTEs) and military (active and reserve component) end strength by CbT functional category and subcategory. If an appropriation does not finance any personnel resources, enter "None" on the Personnel Summary line as follows:

b. 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:

(1) Military Career Fields/Occupational Series: Military Police, Law Enforcement Specialist and Security, Master at Arms, Security Forces, Criminal Investigator, Interrogator, Interpreter/Translator, Counterintelligence Officer, and Office of Special Investigations. Appropriate subspecialities/subfunctions/skills are to be captured in these career fields/occupational series, in support of combating terrorism, with the exception of military working dogs in counterdrug missions.

(2) The following civilian Job Series are to be reported if responsibilities relate to CbT efforts: Physical Security Manager (GS-0080), Civilian Police (GS-0083), Security Guard (GS-0085), and those personnel in the Security Clerical and Assistance (GS-0086) series, and all associated wage grade positions who are in direct support of the previously aforementioned series.

(3) 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 exhibits by the applicable Components.

1903 MAJOR RANGE AND TEST FACILITY BASE

190301 Purpose

A. This Chapter provides instructions applicable to budget formulation for the DoD Major Range and Test Facility Base (MRTFB) funding requirements included in the DoD Components' budget requests. The exhibit formats submitted in support of the Budget Estimates Submission (BES) will be the same as those submitted to the Director, Test, Systems Engineering, and Evaluation, USD(AT&L) (DTSE&E) in support of the POM estimates.

B. These instructions apply to the major ranges and test facility activities included in the MRTFB:

ARMY:
Yuma Proving Ground (YPG)
White Sands Missile Range (WSMR)
Kwajalein Missile Range (KMR)
Dugway Proving Ground (DPG)
Aberdeen Test Center (ATC)
High Energy Laser Systems Test Facility (HELSTF)

NAVY:
Naval Air Warfare Center-Aircraft Division (NAWCAD)
Atlantic Undersea T&E Center (AUTEC)
Naval Air Warfare Center-Weapons Division (NAWCWD)
Atlantic Fleet Weapons Training Facility (AFWTF)

AIR FORCE:
Eastern Space & Missile Center (ESMC)
Western Space & Missile Center (WSMC)
Arnold Engineering Development Center (AEDC)
Air Force Development Test Center (AFDTC)
Air Force Flight Test Center (AFFTC)
46th Test Group, Holloman AFB NM
Air Warfare Center Range, Nellis AFB (AWC))

DEFENSE INFORMATION SERVICES AGENCY
Joint Test Interpretability Center (JTIC)

C. The DTSE&E is charged with administering OSD responsibilities for the MRTFB. Modifications to these instructions, requests for deviations from their provisions, or requirements for their clarification or applicability should be directed to and coordinated with DTSE&E and OUSD(C) Program/Budget.

D. Budget estimates will be developed in accordance with guidance contained in Chapter 1 and the various chapters for appropriations and accounts.

E. It is extremely important that the data reported in the MRTFB exhibits be consistent with the funding included in the Component's Research, Development, Test & Evaluation (RDT&E) Exhibit R-1 project listing and in the Descriptive Summary as well as other budget submission material.

190302 Submission Requirements

Copies of the following exhibits will be submitted in support of the Budget Estimates Submission only for each major range and test facility. Copy requirements are identified in Chapter 1. Exhibit formats are provided in Section 1912.

A. Exhibit MRTFB-1, (Activity Title) Financial Summary.

B. Exhibit MRTFB-2 Set, (Activity Title) Financial Details.

C. Exhibit MRTFB-3 Set, (Activity Title) Improvement and Modernization Analysis.

190303 Preparation of Material

Budget estimate data submitted by each DoD Component for the MRTFB will be assembled separately and identified by a cover sheet specifically entitled "Major Range and Test Facility Base (Army/Navy/Air Force/DISA) Program Budget Estimate."

190304 Special Instructions

The DTSE&E will participate with representatives of the OUSD(C), DOT&E, and OMB in the review of all budget submissions for the major ranges and test facilities to insure that:

A. Excess capability is not being unnecessarily maintained in the MRTFB.

B. Unnecessary duplication does not exist among DoD Component assets.

C. Test facility capability needed in the future is being planned and supported.

D. All new major test facilities are thoroughly coordinated prior to their approval to reflect the needs of all DoD components.

1904 TEST AND EVALUATION FUNDING

190401 Purpose

A. This Chapter provides instructions applicable to budget formulation for the Test and Evaluation Budget Estimate, T&E-1, as shown in Section 1912, needed for review and analysis of Test and Evaluation (T&E) funding requirements included in the DoD Components' requests. The instructions contained here specify the requirements for budget submission.

B. The USD(A&T) Director, Test, Systems Engineering, and Evaluation (DTSE&E) and the Director, Operational Test and Evaluation (DOT&E), are charged with oversight of the DoD T&E resources and funding of T&E by each major DoD program. Modifications to these instructions, requests for deviations from their provisions, or requirement for their clarification or applicability should be directed to and coordinated with USD(A&T), DTSE&E, DOT&E and OUSD(C) Program/Budget.

190402 Submission Requirements

A. Each DoD Component will, for the Budget Estimate Submission only, complete an Exhibit T&E-1, Test and Evaluation, (provided in Section 1912) for (1) each Major Defense Acquisition Program (MDAP) listed in Table C-1 of the latest Program Objective Memorandum (POM) Preparation Instructions (PPI), (2) each non-MDAP Special Interest Program listed in Table C-2 of the PPI, and (3) for additional programs currently under test oversight that are listed in the section, "Test and Evaluation Planning Information" in Tab C, "Modernization and Investment" in the latest PPI.

B. Copy requirements are identified in Chapter 1. In addition, 2 copies of the T&E-1 Exhibit will be provided to DTSE&E, Room 3E1060, to DOT&E, Room 3E333, and to OUSD(C) P/B Investment, Room 4B915. Specific instructions for completion of the T&E-1 Exhibit are included in Section 1912.

190403 Preparation of Material

Data submitted by each DoD component in support of estimates for all weapons systems will be assembled separately and identified by a cover sheet specifically entitled "Test and Evaluation (Army, Navy, Air Force, Defense Agencies) Budget Estimate."

190404 Special Instructions

The USD(A&T) will participate with representatives of OUSD(C), DOT&E, DUSD(Environmental Security), ASD(Economic Security), and OMB in the review of all budget submissions for T&E to ensure that:

A. Resources required for the test and evaluation of the MDAP and Special Interest Programs, as identified in the Test and Evaluation Master Plan (TEMP), are adequately funded.

B. Unwarranted test capability is not being maintained at private industry facilities.

C. Unwarranted duplication does not exist among DoD Component assets and private industry.

D. Test facilities and capabilities required are adequately funded and supported.

E. All new major test facilities are approved by the Defense Test and Evaluation Steering Group to ensure they are warranted and meet the needs of all DoD components.

1905 FINANCIAL MANAGEMENT ACTIVITIES

190501 Financial Management Activities

A. This Section provides guidance for presenting budget estimates related to Financial Management Activities. It is designed to fulfill the requirements of Section 52, Information on Financial Management, of OMB Circular A-11.

B. Information on resources (budget authority and full-time equivalent (FTE) employment data) for financial management activities is required for oversight and review of component resources devoted to these activities and to ensure that their use is in accordance with the government-wide 5-year financial management plan prepared by OMB as required by the Chief Financial Officers Act of 1990.

C. Submission of the exhibit 52, Report on Resources for Financial Management Activities, is required for the Budget Estimates Submission and an update is required for the President's budget submission (Congressional Justification/ Presentation.) This exhibit should meet the definitions/descriptions contained in Section 52 of OMB Circular A-11.

D. Copies are to be provided directly to the Office of the USD(Comptroller), Office of the Deputy Chief Financial Officer (ODCFO), rm. 3E843 (Commercial (703)604-6350; DSN 664-6350).

1906 GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

190601 Purpose

The purpose of this section is to establish basic guidance for incorporation of GPRA requirements into the budget review process and budget presentation to the Congress.

190602 Submission Requirements

The Government Performance and Results Act (GPRA) requires the Department to submit a strategic plan (updated at least once every *four* years), an annual performance plan, and a performance report that corresponds to each performance plan. DoD has prepared corporate level goals, to be validated/updated annually, which will appear in the Defense Planning Guidance (DPG). During the POM/Program Review an assessment of how well the Department is meeting the goals will be conducted and, performance measures that indicate progress towards meeting the corporate level goals will be validated. Additional guidance will be published by the Office of the Under Secretary of Defense (Comptroller), Director for Program Analysis and Evaluation.

The Quadrennial Defense Review (QDR) is the GPRA strategic plan. The Department uses the QDR as its starting point for the Planning, Programming and Budgeting System (PPBS). QDR/GPRA plans, objectives and measures are integrated in the PPBS, appear in the DPG, and are evaluated during the Program Review. During the Budget Review the Department ensures that performance objectives can be achieved within the resources that are allocated. Although corporate level performance measures are included in the GPRA Performance Plan, Components are encouraged to include performance measures, as applicable, in budget justification material.

1907 NOT USED

1908 FEDERAL CREDIT PROGRAMS

190801 Purpose

This Section provides guidance for presentation of annual budget estimates for Federal credit programs. Credit programs in the Department of Defense consist of direct loans and guaranteed loans.

190802 Submission Requirements

A. Military Departments and Defense Agencies, as appropriate, will submit to OSD in support of Federal credit programs all materials required by, and in the format specified in, OMB Circular No. A-11, Section 85. Copies of appropriate exhibits will be submitted in support of the Budget Estimates Submission only.

B. Definitions: The following definitions apply to the credit account structure. Agencies should refer to OMB Circular A-34 and A-11 for a more detailed explanation of terminology and budget instructions.

1. A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by a non-Federal lender. It also includes the sale of a Government asset on credit terms of more than 90 days duration.

2. A direct loan obligation is a legal or binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.

3. A loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawal accounts in financial institutions.

4. A loan guarantee commitment is a legally binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

5. Financing Account is the non-budget account or accounts associated with each credit program account for post-1991 direct loans or loan guarantees. It holds balances, receives the subsidy cost payment from the credit program account, and includes all other cash flows to and from the Government. Separate financing accounts are required for direct loans and loan guarantees.

6. Modifications are any Government action that alters the estimated subsidy cost, compared to the estimate contained in the most recent budget submitted to Congress, of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). Actions permitted within the terms of an existing contract are the only exception. Modifications to pre-1992 direct loans and loan guarantees are included in this definition, as well as modifications to post-1991 direct loans and loan guarantees. For pre-1992 direct loans and loan guarantees, the loan asset or guarantee liability will be transferred from the liquidating account to the appropriate financing account. A one-time adjusting payment will be made between the liquidating and financing accounts. The subsequent cash flows will be recorded in the financing account.

7. Program Account is the budget account into which an appropriation to cover the subsidy cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account. Usually, a separate amount for administrative expenses is also appropriated to the program account. Each program account is associated with one or two financing accounts, depending on whether the program account makes both direct loans and loan guarantees. The program account pays subsidies to the financing account for post-1991 direct loans and loan guarantees, for modifications, and for reestimates. These subsidy payments are counted in calculating budget outlays and the deficit.

8. Subsidy is the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs. In net present value terms, it is the portion of the direct loan disbursement that the Government does not expect to recover, or the portion of expected payments for loan guarantees that will not be offset by collections. The subsidy may be for post-1991 direct loan obligations or loan guarantee commitments, for reestimates of post-1991 loans or guarantees, or for modifications of any direct loans or loan guarantees.

9. Reestimates are the recalculation of the subsidy cost of each risk category within the cohort of direct loans or guaranteed loans. Reestimates must be made at the beginning of each fiscal year following the year in which the initial disbursement was made and as long as the loans are outstanding, unless a different plan is approved by OMB.

10. Cohort - Direct loans obligated or loan guarantees committed by a program in the same year, even if disbursements occur in subsequent years or the loans are modified. Modified pre-1992 direct loans will constitute a single cohort; modified pre-1992 loan guarantees will constitute a single cohort. For loans subsidized by no-year or multi-year appropriations, the cohort may be defined by the year of appropriation or the year of obligation. The Program and Financial Control Directorate of OUSD(C) P/B will contact OMB for proper determination.

C. Materials required by this Section will be provided for credit programs for the DoD Family Housing Improvement program, the Army ARMS Initiative Program, the Defense Export Loan Guarantee Program, and for any additional programs involved in direct loans or guaranteed loans.

D. Copies of these materials are required as part of the September submission in the quantities identified in Chapter 1.

1909 OTHER SPECIAL INTEREST AREAS

190901 Purpose

This Chapter prescribes instructions for the preparation and submission of budget justification backup data for special areas in which the Congress or OMB has expressed interest. Most of these requirements affect more than a single appropriation.

190902 Submission Requirements

A. Data in the exhibit formats provided in Section 1912 are required for the following program areas:

PB-14 Functional Transfers
PB-15 Advisory and Assistance Services
PB-16 Legislative Proposals
PB-17 Employee Relocation Expenses
PB-18 Foreign Currency Exchange Data
PB-19 Contract Reporting by Appropriation
PB-22 Major Department of Defense Headquarters Activities
PB-23 Acquisition and Technology Work Force manpower
PB-24 Professional Military Education
PB-25 Host Nation Support
PB-28 Funds Budgeted for Environmental Quality (Non-ER, Army, Navy, AF or Defense-wide)
PB-28A Funds Budgeted for Environmental Security Technology
PB-41 Administrative Motor Vehicle Operation
PB-42 Competitive and Strategic Sourcing (Formerly Competition and Privatization)
PB-50 Child Development, School Age Care (SAC), Family Centers, and Family Advocacy Programs
PB-52A Aeronautics Budget
PB-52B Space Budget
PB-53 Budgeted Military and Civilian Pay Raise Amounts
PB-54 Civilian Personnel Hiring Plan
PB-55 International Military Headquarters
PB-56 International Travel

B. Definitions are to be identical to those most recently used in furnishing data to the Congress.

C. All exhibits are required for the Budget Estimates Submission and the congressional justification/presentation submission. Copies of exhibits are required with the submissions in the quantities identified in Chapter 1.

1910 CLASSIFICATIONS AND DEFINITIONS – COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE PROGRAMS

191001 Purpose

The Office of the Director for Program Analysis and Evaluation maintains a listing of program elements (PEs) in the Future Years Defense Program (FYDP) making up C^3I programs. For details, please contact the POC for the FYDP Structure Management (FSM) system. The FSM system and its Web site are described in FMR Volume 2A, Section 010702.

1911 OVERSEAS MILITARY BANKING PROGRAM (OMBP)

191101 Purpose

This section specifies guidance for the preparation and submission of budget estimates for the funding of the contract(s) with a financial institution(s) to operate the Overseas Military Banking Program (OMBP). It identifies the budgeting requirements necessary to fund the OMBP contract(s) awarded and maintained by the Defense Finance and Accounting Service (DFAS) for the three participating Military Departments. The budget estimates for the contract(s) consists of Operation and Maintenance, Procurement and other resources that support the OMBP.

191102 Submission Requirements

A. Each of the three sponsoring Military Departments shall budget for OMBP contract costs applicable to that Department. The sponsoring Military Departments shall transfer funding to the Washington Headquarters Services upon receipt of their appropriation for the fiscal year. The Military Departments shall submit required budget estimates in the format specified as the "Overseas Military Banking Program (OMBP)" (Exhibit OMBP-01), and as modified by OUSD (Comptroller) annual guidance.

B. Submissions shall be consistent with any additional guidance provided by the Office of the Deputy Chief Financial Officer.

C. Exhibits shall be prepared and submitted by each Military Department. Exhibits shall be prepared to show prior year, current year, and budget years (20BY1 and 20BY2) in the format specified as "Overseas Military Banking Program (OMBP)" (Exhibit OMBP-0l).

D. An original and five copies of each Military Department's OMBP submission are required as part of the Budget Estimates submission and for the congressional Justification/Presentation (President's budget) submission.

E. Copies are to be provided directly to the Defense Finance and Accounting Service (DFAS), Code – HQ/F, 1931 Jefferson Davis Hwy, Arlington, VA, 22240-5291. Call (703)607-5109 for questions concerning the drop-off of material. For questions concerning the exhibit requirements, call (614) 693-4339.

1912 OTHER SPECIAL ANALYSES SUBMISSION FORMATS

191201 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

191202 Exhibits in Support of Section 1902 – Combating Terrorism

Exhibit CbT-1 Combating Terrorism 22
Exhibit CbT-2 Combating Terrorism Narrative Description 32

191203 Exhibits in Support of Section 1903 - Major Range and Test Facility

MRTFB-1 Installation Financial Summary 36
MRTFB-2a Element of Expense Listing 40
MRTFB-2b MRTFB Activity Schedule of Increases & Decreases 41
MRTFB-2c Workyears 42
MRTFB-2d Source of Direct Funds 43
MRTFB-3a Improvement and Modernization Funds Summary 44
MRTFB-3b, Military Construction and BRAC Projects 45
MRTFB-3c Improvement and Modernization Detail 46

191204 Exhibits in Support of Section 1904 - Test and Evaluation

T&E-1 47

191205 Exhibits in Support of Section 1909 - Other Special Interest Areas

PB-14 Functional Transfers 51
PB-15 Advisory and Assistance Services 52
PB-16 Legislative Proposals 56
PB-17 Relocation Expenses 57
PB-18 Foreign Currency Exchange Data 58
PB-19 Contract Reporting by Appropriation 59
PB-22 Major Department of Defense Headquarters Activities 60
PB-23 Acquistion and Technology Work Force 61
PB-24 Professional Military Education Schools 63
PB-25 Host Nation Support 66
PB-28 Funds Budgeted for Environmental Quality 71
PB-28A Funds Budgeted for Environmental Security Technology 74
PB-41 Administrative Motor Vehicle Operations 75
PB-42 Competitive and Strategic Sourcing 76
PB-50 Child Development, School Age Care (SAC), Family Centers, and Family Advocacy Programs 80
PB-52A DoD Aeronautics Budget 85
PB-52B DoD Space Budget 87
PB-53 Budgeted Military and Civilian Pay Raise Amounts 91
PB-54 Civilian Personnel Hiring Plan 92
PB-55 International Military Headquarters 93
PB-56 International Travel 94

191206 Exhibits in Support of Section 1911 - Overseas Military Banking

OMBP-01 Overseas Military Banking Program 95

COMBATING TERRORISM
COMPONENT TITLE
APPROPRIATION TITLE
($ in Millions)

FY PY-1 Actual	FY PY Actual	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate

Budget Authority (BA), Obligation Authority (OA), and Total Obligational Authority (TOA) for FY PY-1 through FY BY2+4 should be provided for the Budget Estimates Submission. (BA, OA and 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

- 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/P-1 line item.
- RDT&E – report at each applicable CbT category by budget activity/Program Element.
- Military Construction – report Site Improvement by location and project title.
- Defense Working Capital Fund – report at each applicable CbT category at the Working Capital Fund Business Area level.

Appropriation Summary:
Appropriation Title ($ in Millions)
Budget Activity
Budget Activity
Total

Financial Summary ($ in Millions):

ANTITERRORISM

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, subactivities, and line item (where applicable)

COMBATING TERRORISM
COMPONENT TITLE
APPROPRIATION TITLE
($ in Millions)

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY 2 +4 Estimate
Physical Security Management & Planning									
Enter applicable budget activities, subactivities, and line items									
Security Forces & Technicians									
Enter applicable budget activities, subactivities, and line items									
Law Enforcement									
Enter applicable budget activities, subactivities, and line items									
Security and Investigative Matters									
Enter applicable budget activities, subactivities, and line items									
Research Development Test and Evaluation									
Enter applicable budget activities, subactivities, and line items									
ANTITERRORISM SUBTOTAL									
COUNTERTERRORISM									
Special Operations Command									
Enter applicable budget activities, subactivities, and line items									
Research Development Test and Evaluation									
Enter applicable budget activities, subactivities, and line items									
COUNTERTERRORISM SUBTOTAL									

COMBATING TERRORISM
COMPONENT TITLE
APPROPRIATION TITLE

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
TERRORISM CONSEQUENCE MANAGEMENT (Refer to activities listed in definitions section.)									
Domestic Preparedness Programs									
Enter applicable budget activities, subactivities, and line items									
Response Teams									
Enter applicable budget activities, subactivities, and line items									
Research Development Test and Evaluation									
Enter applicable budget activities, subactivities, and line items									
TERRORISM CONSEQUENCE MANAGEMENT SUBTOTAL									
INTELLIGENCE									
Counterintelligence									
Enter applicable budget activities, subactivities, and line items									
Research Development Test and Evaluation									
Enter applicable budget activities, subactivities, and line items									
INTELLIGENCE SUBTOTAL									
Total Funding									

COMBATING TERRORISM
COMPONENT TITLE
APPROPRIATION TITLE

FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate

Personnel Summary: Enter only those combating terrorism categories/subcategories with personnel resources. For civilians, identify Direct Hire and Foreign National Direct Hires.

ANTITERRORISM
Physical Security Equipment

Civilian Full-Time Equivalents\

Active Military End Strength
Officer
Enlisted
Total

Selected Reserve Component End Strength
Officer
Enlisted
Total

Physical Security Site Improvements

Civilian Full-Time Equivalents\

Active Military End Strength
Officer
Enlisted
Total

Selected Reserve Component End Strength
Officer
Enlisted
Total

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
Physical Security Management & Planning									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
Security Forces & Technicians									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
Law Enforcement									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
Security and Investigative Matters									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
Research Development Test and Evaluation									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
COUNTERTERRORISM									
Special Operations Command									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
Research Development Test and Evaluation									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
TERRORISM CONSEQUENCE MANAGEMENT									
Domestic Preparedness Programs									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY2 +4 Estimate
Response Teams									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
Research Development Test and Evaluation									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									

COMBATING TERRORISM
COMPONENT TITLE
APPROPRIATION TITLE

	FY PY-1 Actual	FY PY Estimate	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY BY2+1 Estimate	FY BY2+2 Estimate	FY BY2+3 Estimate	FY BY 2 +4 Estimate
INTELLIGENCE									
Counterintelligence									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
Research Development Test and Evaluation									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									
Total									
Total Personnel:									
Civilian Full-Time Equivalents\									
Active Military End Strength									
Officer									
Enlisted									
Total									
Selected Reserve Component End Strength									
Officer									
Enlisted									

COMBATING TERRORISM ACTIVITIES
FY XX BUDGET ESTIMATE SUBMISSION/PRESIDENT'S BUDGET

Component:_____

Category: (Provide a separate exhibit for each of the following four categories and their subcategories: (1) antiterrorism [physical security equipment, physical security site improvements, physical security planning and management, security forces technicians, law enforcement, security and investigative matters, research and development (R&D)]; (2) counterterrorism; (3) combating terrorism consequence management support to civil authorities (domestic preparedness program, consequence management response, and R&D); (4) Intelligence (tactical counterintelligence to include JMIP and R&D counterintelligence).

I. **Narrative**. This section should provide a detailed overview that specifically explains activities and programs financed in this category. This section should specifically highlight the Presidential Decision Directive (PDD), Joint Staff Publications, DoD Directives/Instructions, etc., which generated the requirement to fund this category. For example, why does Military Department X fund $5M for physical security equipment? It is directed in PDD XX and JS Pub XX.

II. **Description of Activities Financed. Describe in detail prior year and current year activities and accomplishments.**

III. **Program Management.** (Major Claimant or Major Command and installation, if applicable. Identify Secretariat-level/Joint Staff/OSD oversight, if applicable)

IV. **Planned Activities.** (Provide justification for budget year(s) (BY) dollars in support of this category. Explanations should be associated with the appropriations requested by each Component. If O&M or MILPERS funds are budgeted, provide narrative detail to justify the support of exercise/missions, supplies, civilian pay, contracts, TDY, MAC/SAAM travel, etc, and identify activity group and subactivity group (SAG) (O-1 line item). If RDT&E funds are budgeted, specifically explain the research and development effort and the benefit to the combating terrorism (CbT) category when fielded. If procurement funds are budgeted, specifically identify systems/items being purchased procurement milestones. For procurement or RDT&E funds, identify applicable P-1 or R-1 (program elements (PEs)) line items respectively. Emphasis should be given to BY, in which any new activities or initiatives that the Component is funding should be highlighted and explained in detail.)

COMBATING TERRORISM ACTIVITIES
FY XX BUDGET ESTIMATE SUBMISSION/PRESIDENT'S BUDGET

Component:_____

V. Funding Summary by Category.

Appropriation List	Line Item*	Prior Year (Actuals)	Increase/ Decrease	Current Year	Increase/ Decrease	Budget Year 1	Increase/ Decrease	Budget Year 2

VI. Reconciliation of Activities' Increases and Decreases.

The narrative explanations from CY to BY should fully justify in programmatic terms, by appropriation, any changes in funding for each specific category within the Department's Combating Terrorism Activities. However, if price/rate changes significantly impact the change in funding between fiscal years, estimate the effect of the price/rate change and provide specific explanations.

* Specifically identify the M-1 for Military Personnel appropriations, the O-1 line item (SAG) for O&M appropriations, the P-1 line item for Procurement appropriations, the R-1 (Program Element) for RDT&E appropriations, the C-1 (project) for Military Construction appropriations.

COMBATING TERRORISM ACTIVITIES
FY XX BUDGET ESTIMATE SUBMISSION/PRESIDENT'S BUDGET

Component:_____

VII. VII. Personnel Summary

	FY PY	FY CY	FY BY+1	FY BY+2
Civilians				
US Direct Hire				
Foreign National Direct Hire				
Total Direct Hire				
Foreign National Indirect Hire				
Total Civilians				

	FY PY			FY CY			FY BY+1			FY BY+2		
	Officer	Enlisted	Total	Officer	Enlisted	Total	Officer	Enlisted	Total	Officer	Enlisted	Total
Active Duty(E/S)												
Army												
Navy												
Marine Corps												
Air Force												
Total Active Duty (E/S)												
Reserves (E/S)												
Drilling Reserve												
Army Reserve												
Navy Reserve												
Marine Corps Reserve												
Air Force Reserve												
Subtotal Drilling Reserve												
Full-Time Support												
Army Reserve												
Navy Reserve												
Marine Corps Reserve												
Air Force Reserve												
Subtotal Full-Time Reserve												

COMBATING TERRORISM ACTIVITIES
FY XX BUDGET ESTIMATE SUBMISSION/PRESIDENT'S BUDGET

Component:_____

VIII. VII. Personnel Summary (continued)

	FY PY			FY CY			FY BY+1			FY BY+2		
	Officer	Enlisted	Total	Officer	Enlisted	Total	Officer	Enlisted	Total	Officer	Enlisted	Total
National Guard (E/S)												
Drilling Reserve												
Army National Guard												
Air National Guard												
Subtotal Drilling Reserve												
Full-Time Support												
Army National Guard												
Air National Guard												
Subtotal Full-Time Reserve												
Total Drilling Reserve												
Total Full-Time Support												
Total Reserve and Guard												
GRAND TOTAL MILITARY (Total Active Duty and Total Reserve and Guard)												

DOD Component
MRTFB (Activity Title) Financial Summary
($ Millions)

Funding Source	FY PY-1	FY PY	FY CY	FY BY1	FY BY2
Total Institutional Funding					
Institutional (P.E._____)					
In-House Effort					
Contractor Effort					
BOS					
RPMA					
Minor Construction					
Military Personnel					
Total					
Improvement and Modernization					
Minor I&M (P.E.)					
Major I&M					
Military Construction					
Base Realignment and Closure					
Direct (User Funding)					
Parent Service					
Other DoD					
Other U.S. Government					
FMS					
Foreign Government					
Commercial					
Total					
Total Institutional & Direct (I&D)					
Direct to Total I&D (less I&M)					
Other Funds					
Non-T&E Mission BOS					
Non-T&E Mission RPMA					
Family Housing					
Milcon					
Base Realignment and Closure					
Other - Specify					
Total Other Funds					
Total MRTFB Activity (TOA)					

Exhibit MRTFB-1 Installation Financial Summary

INSTRUCTIONS
EXHIBIT MRTFB-1, MAJOR RANGE TEST FACILITY BASE

The MRTFB-1 is the basic, central exhibit for the Major Range Test Facility Base budget estimate submission and consists of tabular and narrative data. All other exhibits are related to it.

This exhibit reflects total funds from all sources to be expended at each MRTFB activity. The instructions for preparation are in the following paragraph and definitions. For each line entry, a fully comparable figure will be entered in each of the five columns.

Definitions:

Institutional Funding - This category should reflect all of the funding to be expended to support the MRTFB activity's mission, whether the funds are directly allocated to the activity or whether they are expended by another activity in support of the MRTFB.

Institutional (P.E.) - This entry denotes the funding which each Component provides directly to the activity for ongoing effort which cannot be ascribed to users of the activity. The financing program element number is to be entered in the parenthesis.

In-House Effort - This line reflects that amount of the activity's T&E Institutional funding which is devoted to supporting efforts conducted by government personnel at the activity.

Contractor Effort - Indicates the amount of Institutional funding expended by any contractor in support of the activity's mission, either on-site or elsewhere.

Base Operating Support (BOS), Real Property Maintenance Activities (RPMA) and Minor Construction - The amounts shown in these lines should reflect that funding either paid by the MRTFB activity for their share of these costs to a host activity or the costs that would be allocated to the MRTFB activity if they were required to reimburse their BOS and RPMA costs to the host activity. For those MRTFB activities which are host activities, the costs in these categories should reflect the share of BOS, RPMA and minor construction that would be allocated to only the MRTFB activity if costs were distributed to all activities at the installation. Reflecting these costs as part of the institutional costs at the MRTFB is intended to more completely reflect the costs of the MRTFB mission and to make the activities more comparable across the Services. If additional categories are required to reflect the total "institutional" funding that is required for the activity, such as Environmental Compliance, additional lines should be added. Provide the program element number for each entry.

Military Personnel - This category should also reflect the amount of funding that would be required to support the military personnel which are primarily assigned to the MRTFB activity.

Improvement and Modernization (I&M) - This section should reflect all funding provided to the MRTFB activity for improvement and modernization efforts.

Minor I&M - This category should reflect funding provided directly to the MRTFB activity for I&M projects which are less than $2 million in any one fiscal year and less than $10 million in cumulative funding. For the RDT&E-funded activities, the minor I&M funding should be a portion of only the MRTFB program elements. The funding needs to be identified by specific program element. For the O&M-funded activities, the minor I&M funding should be identified by P-1 line item title. If there is minor I&M in more than one program element or more than one P-1 line item, a summary of the minor I&M funding should be provided on the MRTFB-1 with a detailed listing provided on the MRTFB-3a. Any funding provided by users for minor I&M projects should be included as direct (user) funding.

Major I&M - This funding category should include all major I&M projects funded by RDT&E or procurement appropriations, including those funded by users or by the Central T&E Investment Program. Major I&M projects are those which exceed $2 million in any single fiscal year or $10 million cumulatively. The MRTFB-1 should reflect a total for all major I&M projects, regardless of funding source. The MRTFB-3A, I&M Funds, Major I&M Projects, requests a listing of each of the projects by appropriation and program element or P-1 line item that adds to the total on this line.

Direct (User Funding) - This line is for header purposes only, to denote the section dealing with funds from activity customers for MRTFB activity mission efforts.

Parent Service - Indicates the funds which come to the activity from users who are from within the same service but distinguished from the institutional base.

Other DoD - Indicates those customers within the DoD but not from the same service as the activity.

Other U.S. Government - Indicates those government customers from other than DoD activities.

FMS - Indicates those customers from FMS cases.

Foreign Government - Indicates those customers from foreign governments for other than FMS cases.

Commercial - Indicates funds received from commercial customers.

Total Institutional and Direct (I&D) - This line provides the sum of the amounts in the Total Institutional and Total Direct lines.

% Direct to Total I&D (Less I&M) - This line provides the percentage which Total Direct funding constitutes of the Total Institutional (less I&M) and Direct funding.

Other Funds - This line is for header purposes only, to denote all other activity financing that does not fall in the I&D categories. The funding included in this category should be strictly funding received by the MRTFB for efforts other than those associated with the MRTFB mission. These categories should only be used, therefore, when the MRTFB is a host activity and receives funding, such as BOS, RPMA or Family Housing funds, to support other activities. All funding received in support of the MRTFB activity should be included in the Institutional, I&M or Direct Funding categories above. If any funding is reported as "Other" funding in this category, a separate listing should be provided that identifies the "Other" funding by appropriation and program element or customer.

Total MRTFB Activity - This line reflects the sum of the amounts in the Total I&D and Total Other Funds lines. This should represent the total amounts supporting the activity to perform its MRTFB mission and to provide common services to others, if appropriate. These amounts need not flow through the activity itself but should reflect all funding associated with supporting the MRTFB.

The amounts reflected in the lines above are to be directly relatable to those amounts included in the appropriation submissions of budget estimates to OSD/OMB or the appropriation submissions of apportionment requests to OSD.

DoD Component
(Activity Title) Element of Expense Listing

For each of the Institutional entries; e.g., Institutional Funding, Base Operating Support, and Real Property Maintenance; and the Total Direct entry on Exhibit MRTFB-1, provide a subitem listing by element of expense, as shown below.

($ Millions)

ELEMENT OF EXPENSE		FY PY-1	FY PY	FY CY	FY BY1	FY BY2
Military Pay (Non-Add)						
04	Civilian Pay					
05	Travel					
06	Transportation					
07	Utilities/Rental					
08	Communications					
09	Purchased Equipment Maintenance					
10	Purchased Equipment Other					
11	Printing & Reproduction					
12	Other Purchased Services					
13	Aircraft POL					
14	Ships POL					
15	Supplies					
16	Equipment					
17	Other Expenses					

Exhibit MRTFB-2a Element of Expense Listing

MRTFB ACTIVITY SCHEDULE OF INCREASES & DECREASES

Provide a schedule of increases and decreases, as shown below, covering year-to-year changes in the total Institutional entry on Exhibit MRTFB-1 to include changes in workyears, maintenance and repair and other items with changes in excess of $1 million. Ensure that the narrative explanations are each unique to changes in only one entry on the MRTFB-1. Specifically, there should be at least one increase and/or decrease statement for each entry on the MRTFB-1 exhibit but may be more than one increase and/or decrease for any or all entries on the MRTFB-1.

	FY PY Actual	FY CY Pres. Budget	FY CY Approp.	FY BY1	FY BY2

1. FY PY actual to FY CY President's Budget.
   a.
   b. (Several sentence description/justification of each major item of increase and decrease.)
   c.
   d.
   etc.

2. FY CY President's Budget to FY CY Appropriation (or BES amount if different from FY CY Appropriation).
   a.
   b. (Congressional or supplemental action as of date of submission. Include rationale.)
   etc.

3. FY CY Appropriation (or BES amount) to FY BY program.
   a. Inflation
   b. Payraise
   c. (Several sentence description/justification of each major item of increase and decrease.)
   etc.

4. FY BY to FY BY+1.
   a. Inflation
   b. Payraise
   c. (Several sentence description/justification of each major item of increase and decrease.)
   etc.

Exhibit MRTFB-2b MRTFB Activity Schedule of Increases & Decreases

DoD Component
(Activity Title) Workyears

Submit a numerical summary of military, civilian, and contractor workyears in the format shown below. Civilian and contractor workyears should be divided into those that are institutionally funded and those that are reimbursed by users (direct). Changes in workyears between years and among categories should be addressed in the MRTFB-2b, Schedule of Increases and Decreases. The workyears reported in the Institutional category should reflect only those workyears funded from the institutional program element for the activity. Workyears funded by other "Institutional" funding, such as BOS or RPMA should be reported in the Other category. Workyears funded by sources identified on the MRTFB-1 as "Other Funds" should not be reflected on this exhibit.

	FY PY				FY CY				FY BY1				FY BY2			
Category	Inst.	Direct	Other	Total	Inst.	Direct	Other	Total	Inst.	Direct	Other	Total	Inst.	Direct	Other	Total
Military																
Officer																
Enlisted																
Civilian																
Contractor																
Total																

Exhibit MRTFB-2c Workyears

DoD Component
(Activity Title) Source of Direct Funds
($ Millions)

This exhibit shows by major program, the sources of the Direct Funds contained in Exhibit MRTFB-1, Direct (User) Funding. Provide a subtotal for each appropriation or category shown on the MRTFB-1 Exhibit. For the significant customer appropriations, such as RDT&E or Procurement accounts, provide a subtotal by budget activity. Customers in the FMS, Foreign Government and Commercial categories need to be identified separately by individual customer. The All Other category should not exceed approximately 10% of the Total Direct Funding on this Exhibit and on the MRTFB-1. For the RDT&E appropriations, a breakout by Program Element is mandatory.

Appn	Program	PE	FY PY-1	FY PY	FY CY	FY BY1	FY BY2
All Other			—	—	—	—	—
Total Direct							

Exhibit MRTFB-2d Source of Direct Funds

DoD Component
(Activity Title) Improvement and Modernization Funds Summary
Improvement and Modernization Projects
($Millions)

Appn	PE	Project Title	Total Prior Years	PY	CY	BY1	BY2	Cost to Complete	Total Est. Cost

This Exhibit has been selected for separate analysis due to its importance in determining the capability of an activity to meet future test and evaluation requirements. Provide an I&M priority listing for FY PY, CY, BY1, and BY2 for all funding at the MRTFB activity for I&M. Minor I&M should be listed in the first line(s) of this exhibit by each program element funding minor I&M at the activity. For the major I&M (greater than $ 2 million in any single fiscal year or greater than $ 10 million cumulatively), each project should be listed in priority order. Ensure that the listing includes all I&M anticipated for the activity, whether the funding source is the parent Service T&E program element(s), customer funding or CTEIP funding. Show cumulative funds spent for each project prior to the PY and total cost to completion after BY2, if applicable.

Exhibit MRTFB-3a Improvement and Modernization Funds Summary

DoD Component
(Activity Title) Improvement and Modernization Listing
Military Construction and Base Realignment and Closure Projects
($ Millions)

Appropriation	Program Element	Title	Programmed Fiscal Year	Estimated Cost at Completion	Programmed Funds

For all the Military Construction and Base Closure and Realignment projects that are programmed to support the MRTFB mission at the activity and are funded in either the prior year, current year, budget year 1 or budget year 2 of the budget estimates submission, provide the summary data indicated above. The total projects listed on this exhibit will match the MRTFB-1 Military Construction and BRAC funding included in the Improvement and Modernization category.

Exhibit MRTFB-3b, Military Construction and BRAC Projects

DoD Component
(Activity Title) Improvement and Modernization Funds Detail
Improvement and Modernization Projects
($ Millions)

For any item exceeding $2 million in any year or cumulative funding of $10 million, provide summary data that includes the following. Indicate potential benefits, cost savings and capability improvements. Quad charts prepared for TERIB reviews can be used for the BES submission as long as the requested information is provided.

Project Title

(1) Description - Concise description of what is to be acquired, where it will be located, its relationship to other upgrades at this facility or other DoD facilities. Identify whether the effort is required to provide an enhanced capability or whether it modernizes an existing capability.

(2) Requirements/Payoffs - Specify the operational requirement being addressed by the project. If it is required to provide an enhanced capability, list the programs that will benefit and provide the required operating date. If required as an improvement to an existing capability, provide a payback date and the schedule for retirement of existing equipment that will become obsolete as a result of the upgrade. Discuss what other alternatives and what cross-service opportunities were considered in the review of this requirement.

(3) Tests to be Supported - List the programs and tests to be supported by the I&M project. Indicate the acquisition category for each program that will be using the upgraded equipment or facility.

(4) Schedule - Provide the critical milestones for the project. Include the approval date of the operational requirements document, the date of TERIB review, the contract award dates, IOC and FOC.

(4) Funding Profile - Provide total funding plan, including all funding sources, for development through FOC. Funding should be consistent with that identified in the MRTFB-3a, Summary of I&M Projects., and with that included in the other R&D BES exhibits.

Exhibit MRTFB-3c Improvement and Modernization Detail

Classification

Exhibit T&E-1, Test and Evaluation

DoD Component: _____

Program Description: For each major program, describe any variations of T&E costs from those in the approved Test and Evaluation Master Plan (TEMP) or the current President's budget and the reasons for the changes. Divide the discussion into Developmental Test and Evaluation (DT&E), Operational Test and Evaluation (OT&E), and Live Fire Test and Evaluation (LFT&E).

Program Funding (by Program Element and Project Code)
TOA, Current $ in Millions

	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4
Total RDT&E									
Total Procurement									

T&E Funding (included in RDT&E/Procurement funding above)
- DT&E: (Total of Contractor, Government and Targets and Threat Simulators funding below)
- Contractor
  - T&E Facilities/ Instrumentation
  - T&E Costs
- Government
  - T&E Facilities/ Instrumentation
  - T&E Costs
- Targets and Threat Simulators
- OT&E: (Use same categories as above)
- LFT&E: (Use same categories as above)

Test Articles (included in RDT&E/Procurement funding above)

	Number of Test Articles Shown by Year of Delivery								
	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4
DT&E									
OT&E									
LFT&E									

Approved Test and Evaluation Master Plan (TEMP) Funding

	TOA, Current $ in Millions								
	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4
DT&E Funding (included above in program funding)									
OT&E Funding (included above in program funding)									
LFT&E Funding (included above in program funding)									

Classification

Instructions for
Exhibit T&E-1, Test and Evaluation

1. Purpose.

A. The Exhibit T&E-1 is the Test and Evaluation (T&E) exhibit for the budget estimate submission and the President's budget request. It consists of tabular and narrative data related to the funding for T&E of the Major Defense Acquisition Programs (MDAP) as specified in DoD 5000.1 and Special Interest Programs identified in the Program Objective Memorandum Instructions, Table C-1.

B. This exhibit reflects total funds included in the above specified systems/programs for T&E regardless of what organization performs the T&E. It does not include funds in T&E programs, such as MRTFB direct funding, used to provide services on a nonreimbursable basis to weapon systems.

2. Entries.

A. Program Description: For each Program Element/Project describe any major changes from the most recent President's budget request or the most recently approved TEMP and the reasons for the changes. Divide the discussions into Developmental Test and Evaluation (DT&E), Operational Test and Evaluation (OT&E), and Live Fire Test and Evaluation (LFT&E).

B. Program Funding (by Appropriation and Program Element/Project)

(1) Total RDT&E: Show total RDT&E funding for this program with a line for each Program Element/Project showing the Program Element/Project Codes (T&E portion included in these amounts will also be broken out below under T&E Funding.)

(2) Total Procurement: Show total Procurement funding for this program showing each Procurement Line Number amount. (T&E portion included in these amounts will also be broken out below under T&E funding.)

(3) T&E Funding Included Above (May be a combination of RDT&E and Procurement):

(a) DT&E: (Total of Contractor and Government and Targets and Threat Simulators funding below)

Contractor

T&E Facilities/Instrumentation: Provide all funding for provision of T&E capability through investments in plant and equipment at contractor facilities. As necessary, provide the rationale for funding facilities at contractor installations rather than at Government activities in the program description section of this exhibit.

T&E Costs: Provide funding for performing T&E at contractor facilities (exclude investment funding included above.)

Government

T&E Facilities/Instrumentation: Provide all funding for investments in T&E capability for plant and equipment at government facilities. Indicate whether such capabilities exist elsewhere, why duplication is warranted (if that is the case), and whether the requirement for this investment has been endorsed through the Joint Commanders Group (Test and Evaluation) review.

T&E Costs: Provide funding for performing T&E at Government facilities. These costs include all funding provided as reimbursable orders to Major Range and Test Facility Bases and other installations.

(b) Targets and Threat Simulators: Provide all funding identified for targets and threat simulators.

(c) OT&E: Provide all funding for conducting OT&E. Provide information requested in paragraph 2.b.(3)(a) above for new facilities, if applicable.

(d) LFT&E: Provide all funding for conducting LFT&E. Provide information requested in paragraph 2.b.(3)(a) above for new facilities, if applicable.

C. Test Articles: Provide the number of test articles to support the T&E planned for the system by year of delivery of the article. Multi-use articles should be identified as such. Components, subsystems, and surrogates should be separated from complete, combat-configured articles.

(1) DT&E: Show number of test articles by year of delivery to be used primarily for support of DT&E.

(2) LFT&E: Show number of test articles by year of delivery to be primarily for support of LFT&E.

(3) OT&E: Show number of test articles by year of delivery to be used primarily for support of OT&E.

D. Approved T&E Master Plan Funding: Provide funding included in the most recently approved T&E Master Plan (TEMP). Significant variations from the TEMP funding for T&E included in this entry and the amount reported in T&E funding above are to be addressed in the program description section of this exhibit.

FUNCTIONAL TRANSFERS
Component: _____

FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4

PART I

Adjustment as result of Functional Transfers:

(Show the total adjustment to Component topline as a result of inter-Component functional transfers included in the budget submission but not included in the Program Review. In addition, show the adjustment to each appropriation separately.)

PART II

(Show the following adjustments for each inter-Component functional transfer impacting all accounts included in Part I.)

Functional Transfer Title
Description: *Provide succinct narrative explanation for each functional transfer.*
Gaining Appropriation(s)/*Budget Activity(s)/Subactivity Group(s)/line item/program*
Civilian Full-Time Equivalent (FTE)
Military *End Strength*
Funding ($ 000)

Losing Appropriation (s)/*Budget Activity(s)/Subactivity Group(s)/line item/program*
Civilian Full-Time Equivalent (FTE)
Military *End Strength*
Funding ($ 000)

Exhibit PB-14 Functional Transfers

ADVISORY AND ASSISTANCE SERVICES

DEPARTMENT/AGENCY

Appropriation/Fund	FY PY Actuals	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate
		(Dollars in Thousands)		
1. Management & Professional Support Services				
FFRDC Work*				
Non-FFRDC Work*				
Subtotal				
2. Studies, Analysis & Evaluations				
FFRDC Work*				
Non-FFRDC Work*				
Subtotal				
3. Engineering & Technical Services				
FFRDC Work*				
Non-FFRDC Work*				
Subtotal				
TOTAL				
FFRDC Work*				
Non-FFRDC Work*				
Reimbursable				

Explanation of Funding Changes

* Provide a narrative explanation (in program terms) for any increase/decrease that is in excess of the estimated rate of inflation. This explanation of increase/decrease is required for changes between the *PY and the CY*, between the CY and the BY1, and between the BY1 and the BY2.

Notes:

1. All totals displayed must equal amounts reported in object class 25.1.
2. FFRDC - Federally Funded Research & Development Centers.
3. A separate PB-15 must be prepared for each appropriation/fund.
4. A summary PB-15 must be prepared when consulting services are funded from more than one appropriation/fund.

ADVISORY AND ASSISTANCE SERVICES
Instructions for Exhibit PB-15

BACKGROUND: The purpose of the exhibit is to provide Congress with actual estimates on the amount spent by DoD on advisory and assistance services which are utilized to enhance, assist, or improve the ability of government employees to make decisions on governmental processes, program, and systems. Congressional concern stems from both the cost and nature of advisory and assistance services. When contractors provide advice or assistance that may affect decision-making, influence policy development, or provide support to project or program management, it is essential to ensure that the contractor's performance is free of potential conflicts of interest and does not impinge upon the performance of inherently governmental functions by government employees. As such, advisory and assistance services require an appropriate degree of enhanced management and oversight. When using contractor provided products, final decisions, or actions must reflect the independent conclusions of DoD officials. Advisory and Assistance Services (object class 25.1) include services acquired by contract from non-governmental sources that provide management and professional support services; studies, analyses, and evaluations; and engineering and technical services, as defined below.

The definitions indicated below have been substantially revised to incorporate the changes indicated in section 911 of the National Defense Authorization Act for FY 1999 (codified in section 2212(b) of title 10 U.S.C.).

ADVISORY AND ASSISTANCE SERVICES DEFINITION (Object Class 25.1): Obligations for advisory and assistance services acquired by contract from non-governmental sources (including Federally Funded Research and Development Centers (FFRDCs) and non-FFRDCs) to support or improve organization policy development, decision making, management, and administration; support program and/or project management and administration; provide management and support services for Research and Development (R&D) activities; provide engineering and technical support services; or improve the effectiveness of management processes or procedures. The products of advisory and assistance services may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and technical support. Object class 25.1 consists of the following three categories:

Management and Professional Support Service: This category includes funding for contractual services that provide *engineering or technical support*, assistance, advice, or training for the efficient and effective management and operation of organizations, activities (including management and support services for R&D activities), or systems. These efforts are closely related to the basic responsibilities and mission of the using organization and contribute to improved organization of program management, logistics management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs.

Studies, Analyses, and Evaluations: This category includes funding for contractual services to provide organized, analytic assessments *to understand or evaluate complex issues to improve policy development, decision making, management, or administration and that result in documents containing data or leading to conclusions or recommendations. Those services may include databases, models, methodologies, and related software created in support of a study, analysis, or evaluation.*

Engineering and Technical Services: This category includes funding for contractual services that take the form of advice, assistance, training, or hands-on training necessary to maintain and operate fielded weapon systems, equipment, and components (including software when applicable) at design or required levels of effectiveness.

ADDITIONAL GUIDANCE: *Section 911 of the FY 1999 National Defense Authorization Act (P.L. 105-261)reinstated the exemptions allowed under DoD Directive 4205.2, "Acquiring and Managing Contracted Advisory and Assistance Services (CAAS)," dated February 10, 1992. Therefore, the number of currently authorized exemptions exceeds the number of exemptions included in the latest OMB Circular A-11 (June 1999). The following exemptions from DoD Directive 4205.2 describe various contracted services that are not advisory and assistance services. Revisions to DoD Directive 4205.2 may change these exemptions. Any such changes will be highlighted in supplemental guidance prior to the budget submission.*

- *Activities that are reviewed and/or acquired in accordance with the OMB Circular A-76 program.*

- *Architectural and engineering services for construction and construction management services procured in accordance with the Federal Acquisition Regulation (FAR), Part 36. Work not related to construction as defined by Part 36, and that meets the A&AS definition under existing architectural and engineering contracts, shall come under the purview of this Guidance.*

- *Day-to-day operation of facilities (for example, the Arnold Engineering Development Center and related facilities) and housekeeping services and functions (for example, building and grounds maintenance, and physical security).*

- *Routine maintenance of systems, equipment, and software; routine administrative services; printing services; and direct advertising (media) services.*

- *Initial training services acquired as an integral part of the procurement of weapon systems, automated data processing systems, equipment or components, and training obtained for individual professional development.*

- *Basic operation and management contracts for Government-owned, contractor-operated facilities (GOCOs); for example, the Holston Army Ammunition Plant in Kingsport, TN. Any contract action meeting the A&AS definition and procured under the GOCO basic contract shall come under the purview of this Guidance.*

- *Clinical and medical services for direct healthcare.*

- *The ADP and/or telecommunication functions and related services controlled in accordance with the Federal Information Resources Management Regulation (FIRMR) (Title 41, Code of Federal Regulations, Part 201).*

- *The ADP and/or telecommunications functions and related services exempted from FIRMR control pursuant to Section 2315 of title 10 United States Code and reported in Budget Exhibit 43a, "Report on Information Technology Systems," of DoD 7110.1-M.*

- *Services supporting the policy development, management, and administration of the Foreign Military Sales Program that are not paid for with funds appropriated by the U.S. Congress. (Includes A&AS funded with appropriated funds and reimbursed by the foreign customer).*

- *Services (for example, systems engineering and technical services) acquired by or for a program office to increase the design performance capabilities of existing or new systems or where they are integral to the logistics support and maintenance of a system or major component and/or end item of equipment essential to the operation of the system before final Government acceptance of a complete hardware system. Care must be exercised to avoid exempting services acquired to advise and assist the program office and/or manager for program and/or contractor oversight and administration processes, resource management, planning and programming, milestone and schedule tracking, or other professional or administrative services necessary in performing its mission.*

- *Research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena.*

- *Auctioneers, realty-brokers, appraisers, and surveyors.*

- *Services procured with funds from the Defense Environmental Restoration Account.*

COVERAGE: This reporting requirement covers all DoD appropriations and funds. Consulting services acquired from contracts managed by other Government Agencies and paid for with DoD appropriations **must** be reported.

PREPARATION REQUIREMENTS FOR EXHIBIT PB-15: Each DoD Component must submit the PB-15 exhibit even if they are not procuring advisory and assistance services; negative replies are required. A separate exhibit is required for each appropriation and fund. For annual and multiyear appropriations, planned obligations should be shown in the year of the appropriation rather than the year the obligation is planned. Prior year columns should reflect actual obligations incurred plus additional obligations planned over the remaining life of that fiscal year appropriations. Current and budget year columns should reflect all obligations planned over the life of those appropriations. The Defense Working Capital Fund (DWCF) business areas should identify budgeted obligations in the year those obligations are planned for contracts in support of DWCF activity functions but not those in support of customer workload. The identification of advisory and assistance services in support of appropriations managed by one Component but executed by another Component, fund (e.g., DWCF),or through federally funded research and development centers is the responsibility of the appropriation fund manager. In determining whether a contract is for advisory and assistance services, the contracting or executing organization is not relevant. For example, advisory and assistance services in support of one of the Environmental Restoration transfer appropriations but executed by the Military Departments must be identified in appropriation exhibits submitted for that Environmental appropriation. Each Component will provide overall summary displays for their Component appropriations/funds totals.

SUBMISSION REQUIREMENTS: For the OSD/OMB budget submission, the PB-15 exhibit will be submitted as a separate exhibit. For the President's budget submission to the Congress, the PB 15 exhibit will be included as an exhibit in Volume II - Data Book. Each Military Department and Defense Agency will provide an exhibit for each appropriation/fund. In addition, each Military Department and Defense Agency will provide a consolidated exhibit for all appropriations/funds under their control.

** The PB-15 exhibit should reflect the same resource amounts as identified in Object Class 25.1. Any discrepancies between the PB-15 and Object Class 25.1 must be fully explained. Each PB-15 exhibit is required to contain each appropriation manager's name and telephone number.**

LEGISLATIVE PROPOSALS
(Dollars in Millions)

PROPOSAL	APPN(s)	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4

Amounts should reflect cost or savings (-) included in the budget submission for proposals to be approved by the Congress. Provide a total for each proposal, a total for each appropriation/fund, and a grand total.

All proposed legislation, including those submitted through the Unified Legislation and Budgeting (ULB) process, should be included in the Component's budget submission. The proposals must be fully funded for the budget year(s) and throughout FYDP.

Each proposal must provide narrative justification identifying the merits of the proposal and the issue/problem being addressed. If the proposal impacts manpower, provide the end strength and workyear adjustments (average strength for military and FTE for civilians) by type of employment status.

Exhibit PB-16 Legislative Proposals

EMPLOYEE RELOCATION EXPENSES
DOD COMPONENT_____

The Office of Management and Budget (OMB) requires all Federal agencies to report all costs associated with relocating employees. Therefore, all Components are required to use the format below to report total obligations for the expenses of employee relocations associated with the past, current, and budget years (BY1 and BY2). Employee relocation expenses are payments to Federal employees (military and civilian) for costs related to permanent change in a workstation; i.e., when the Federal government pays a person to move his/her residence because he or she is assigned to work in a different place (e.g., city, state, or country). These obligations are normally reported as part of the following object classes (OC):

- Travel and transportation of persons (OC 21)
- Transportation of things (e.g., movement of household goods, except for storage costs, which are under OC 25.7) (OC 22)
- Civilian personnel benefits (e.g., various relocations allowances, expenses associated with the sale of residence, breaking a lease) (OC 12.1)
- Military personnel benefits (same as OC 12.1, except that it applies to military personnel only) (OC 12.2)
- Operation and Maintenance of equipment (includes contractual services for storage and care of vehicles and storage of household goods, but only those associated with relocation) (OC 25.7)

(Dollars in Thousands)

	FY PY Actuals			FY CY Estimate			FY BY1 Estimate			FY BY2 Estimate		
Appropriation*	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
1. O&M												
2. Military Personnel												
3. RDT&E												
4.												
5.												
TOTAL												

*List all applicable appropriations/funds.

THIS EXHIBIT IS REQUIRED WITH THE BUDGET ESTIMATES SUBMISSION (BES) AND WITH THE PRESIDENT'S BUDGET SUBMISSION. HOWEVER, FOR THE PRESIDENT'S BUDGET SUBMISSION, THIS EXHIBIT MUST BE PROVIDED TO THE OPERATIONS AND PERSONNEL DIRECTORATE NO LATER THAN JANUARY 15 IN ORDER TO COMPLY WITH OMB REQUIREMENTS.

Exhibit PB-17 Relocation Expenses

Component:
Date: _____

FOREIGN CURRENCY EXCHANGE DATA
FY BY1/FY BY2 Budget Submit/President's Budget
Identify Appropriation

($ in Thousands)

Country	FY PY		FY CY		FY BY1		FY BY2	
	U.S. $ Requiring Conversion 1/ 2/	Approved Execution Rates 3/	U.S. $ Requiring Conversion 1/ 2/	Approved Execution Rates 2/ 3/	U.S. $ Requiring Conversion 1/ 2/	Budgeted Exchange Rates 2/	U.S. $ Requiring Conversion 1/ 2/	Budgeted Exchange Rates 3/
Belgium								
Denmark								
European Union								
France								
Germany								
Greece								
Italy								
Japan								
Netherlands								
Norway								
Portugal								
Singapore								
South Korea								
Spain								
Turkey								
United Kingdom								
TOTAL								

1/ U.S. dollar value of program purchased with foreign currency at prescribed exchange rate. For the FY PY Actuals, the value of the overseas program will agree with the obligations incurred at the budget rate reflected on the DD-Comp(M) 1506 report as of 30 Sep.

2/ The amounts requiring conversion for military personnel Cost of Living Allowance (COLA) will be the Component's estimate of military spendable income (by country at prescribed rates) rather than the amount of COLA payments. COLA and Basic Allowance for Housing Overseas estimates are to be identified separately.

3/ As prescribed in OSD guidance issued by OUSD(C) P/B. Express the foreign currency exchange rates in terms of units of foreign currency that can be purchased with one (1) U.S. dollar (e.g., 150.00 Japanese yen per one U.S. dollar).

Exhibit PB-18 Foreign Currency Exchange Data

Contract Reporting by Appropriation

	FY PY Actual			FY CY			FY BY1			FY BY2		
Appn	Total Contracts	Other Services Contracts	% of Total Contracts *	Total Contracts	Other Services Contracts	% of Total Contracts *	Total Contracts	Other Services Contracts	% of Total Contracts*	Total Contracts	Other Services Contracts	% of Total Contracts *

"Total Contracts" must equal the sum of all Object Class 25.X resources reflected on the Program and Financing Schedule. Direct and reimbursable should be shown on separate lines and identified with a (D) for direct or (R) for reimbursable after the appropriation title. Direct and Reimbursable object class codes to be included in "Total Contracts" are: 25110, 25210, 25310, 25320, 25330, 25410, 25510, 25610, 25710, and 25810.

"Other Services Contracts" will equal Object Class 25.2 (25210 for direct and reimbursable) resources reflected on the Program and Financing Schedule.

Note: * If percentage of other services contracts (object class 25.2) exceeds 15 percent of total contracts a narrative explanation is also required.

The PB-19 Exhibit must be submitted to OUSD(C) Operations and Personnel Directorate, Room 3D868, telephone (703) 697-9317/3101.

Each Component must complete and submit the PB-19 exhbit for every appropriation/fund for which they are responsible. Negative reports are required.

Exhibit PB-19 Contract Reporting by Appropriation

MAJOR DEPARTMENT OF DEFENSE HEADQUARTERS ACTIVITIES

FY PY Actual				FY CY Estimate				FY BY1 Estimate				FY BY2 Estimate			
Military Avg. Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg. Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg. Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg. Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)

INSTRUCTIONS

Category/Organization/Appropriation/Fund: This exhibit provides manpower, payroll, and non-labor cost data directly related to the Management Headquarters mission. Data will be displayed by appropriation/fund (including Military Personnel) for all organizations listed in the DoD Directive 5100.73, Major Department of Defense Headquarters Activities. *Deviations from the DoDD 5100.73 must be approved by OSD.* Additionally, this exhibit will separately identify the manpower and cost data by Combatant and Non-Combatant Headquarters Activities.. *The Secretaries of the Military Departments shall provide personnel strength and operating costs in Major DoD Headquarters Activities under their management control. In addition, they shall provide strength and operating costs of Service-provided personnel and funding in the U.S. Combatant Command Headquarters Activities in accordance with Commander-in-Chief programmed and Joint Staff approved levels. Service personnel and funding for the U.S. Special Operations Command shall be coordinated with the Commander-in-Chief, Special Operations Command (CINCSOC).* Resources for International Military Headquarters are **not** to be reported in this exhibit; these costs are to be reported on the PB-55, International Military Headquarters. A narrative explanation is required for all increases and decreases. Non-labor costs that are not directly related to the Management Headquarters mission such as Pentagon Renovation should not be reported in this exhibit. Components should footnote the items that are excluded. Organizations will be displayed according to the following categorization of Management Headquarters Activities. Manpower and TOA will be identified by appropriation or fund for each management headquarters category.

I. Combatant Management Headquarters Activities
   1. Combatant Commands*
   2. Service Combatant Commands*

II. Non-Combatant Management Headquarters Activities
   1. Defense-Wide Activities
      a. Departmental Activities
      b. Departmental Support Activities
      c. Functional Activities (Defense Agencies, Other)
   2. Military Department Activities*
      a. Departmental Activities
      b. Departmental Support Activities
      c. Functional Activities

III. Reconciliation of Increases and Decreases

* To include direct reporting units, as appropriate.

- Under "Total Obligations" TOA should be limited to costs directly in support of management headquarters and should not include operational elements of expense for programs centrally funded or managed at the headquarters but executed elsewhere in the Department. Classified data will be reported.
- Under each appropriation/fund, manpower strengths and funds will be identified as direct or reimbursable.
- Totals will be provided by categories listed above, e.g., Combatant Commands, Service Combatant Commands, etc.
- Revolving funds that support headquarters activities will be reflected in the same fashion as appropriated funds.
- A total summary by appropriation/fund and category (Combatant/Non-Combatant) must be provided.
- National Guard and Reserve officers serving on active duty and performing duties described in 10 U.S.C. 10211 will be excluded from this exhibit.
- Numbers reported in this exhibit must be consistent with the numbers reported in the Components' budgets and accompanying FYDP, as identified by program elements designated as major headquarters activities. This data should also agree with the data reported in the PBA-16 exhibit.

POC:_____Phone No. _____

Exhibit PB-22 Major Department of Defense Headquarters Activities

Component

Acquisition and Technology Work Force Manpower

(Active-duty Military End Strength and Civilian Full-Time Equivalents (FTEs))

Category	PY-1		PY		CY		BY1		BY2		BY2+1		BY2+2		BY2+3		BY2+4	
	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ	Mil	Civ
1. Science and Technology Programs, Other RDT&E																		
2. Program Office and PEO Support																		
3. Test and Evaluation (except OT&E)																		
4. Contract Oversight																		
5. Acquisition - Installation Support																		
6. Central C3 - Information Management/ Services																		
7. Maintenance Activities																		
8. Supply Operations																		
9. Transportation																		
10. Miscellaneous Logistics Activities																		
11. Logistics – Administrative Support and Headquarters																		
12. Logistics – Installation Support																		
13. Other																		
TOTAL																		

Explanation of Changes between Fiscal Years: (Provide an explanation of increases and decreases between fiscal years.)

Note: Components are to provide their projected A&T work force by fiscal year, broken down by functional or organizational categories. Components are encouraged to use the ODPA&E FYDP infrastructure categories (shown above). The set of FYDP program elements that comprise these categories may be found on the OSD DPA&E Defense Programming Database website on the SIPRNet at. https://dpd.pae.osd.smil.mil

Acquisition and Technology Work Force Exhibit Instructions

Background: Section 912(b) of the National Defense Authorization Act for FY 1998 required the DoD to adopt and implement a new definition of the Defense acquisition work force. This new definition is based on specified organizational and occupational criteria that is described in the Jefferson Solutions technical report "Identification of the DoD Key Acquisition and Technology Workforce, DASW01-98-C-0010, May 1999." This report is available from the DoD Acquisition Education, Training, and Career Development office at (703) 578-2761.

Display: In order to provide the required congressional reports, the acquisition and technology (A&T) work force must be identified. Therefore, each Component is required to submit the exhibit PB-23 beginning with the FY 2002/FY 2003 Budget Estimates Submission (BES). This exhibit must be submitted for both the BES and the President's Budget. This exhibit displays manpower categories (active-duty military end-strength (E/S) and civilian full-time equivalents (FTEs)) functionally or organizationally for each fiscal year.

Each Component is allowed to define the categories used in the A&T work force exhibit. Components are encouraged, **but not required**, to use the Future Years Defense Program (FYDP)-based categories of DoD infrastructure developed and maintained by the Office of the Director for Program Analysis and Evaluation (ODPA&E). These sample categories (which are shown on the exhibit display) are defined by a set of FYDP program elements. The exact program elements that comprise each infrastructure category may be obtained from the DPA&E Defense Programming Database (DPD) Web page on the SIPRNet at:

https://dpd.pae.osd.smil.mil

Narrative: In addition to the manpower display, Components must include a narrative explanation of the increases and decreases between fiscal years.

Components will provide this exhibit to:

USD(Comptroller)
Operations and Personnel Directorate
1100 Defense Pentagon, Room 3D868
Washington, DC 20301-1100

Negative replies are required.

PROFESSIONAL MILITARY EDUCATION SCHOOLS

SERVICE_____

SCHOOL_____

(Provide a separate exhibit for each school)

I. Narrative Description (Statement of Requirements and Mission):

II. Description of Operations Financed: Provide a description of what is funded below. Include the course length and frequency. Indicate whether or not short courses, correspondence courses, and non-resident courses are included. Indicate other activities funded by the school such as wargaming facilities and other support activities.

III. Financial Summary ($ Thousands):

		FY CY						
	FY PY	Budget Request	Appn	Current Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/FY BY1 Change	FY CY/FY BY2 Change
Mission (O&M)								
Base Operations								
Military Personnel								
O&M								
Military Personnel [1/]								
School Personnel								
Total Direct Program								
Total Reimbursable Program [2/]								
Total Direct and Reimbursable								

[1/] Use standard rates (i.e. average cost per officer and average cost per enlisted) to calculate military personnel assigned.

[2/] As a minimum, include costs of courses that are being reimbursed from acquisition training funds and reimbursement from Foreign Military Sales (FMS). Identify reimbursements from acquisition training separately.

Provide a description of changes between the current year (CY) appropriation and current estimate as well as between the current year (CY) and the budget year 1 (BY1) and between the BY1 and budget year 2(BY2).

PROFESSIONAL MILITARY EDUCATION SCHOOLS
SERVICE_____
SCHOOL_____

IV. Performance Criteria and Evaluation:

	FY PY	FY CY Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/FY BY1 Change	FY CY/FY BY2 Change
Direct Funded:						
Student Input						
Student Load						
Graduates						
Reimbursable Funded:						
Student Input						
Student Load						
Graduates						

Average Cost per Student Load (Total Direct and Reimbursable from Part III divided by the total direct and reimbursable student load.)

Include student input, load, and graduates for resident course only.

III. Personnel Summary: (Exclude students)

		FY CY					
	FY PY	Budget Request	Appn	Current Estimate	FY BY1 Estimate	FY BY2 Estimate	FY CY/FY BY1 Change	FY CY/FY BY2 Change
Military End Strength (Total)								
Officers								
Enlisted								
Military Average Strength (Total)								
Officers								
Enlisted								
Civilian End Strength (Total)								
USDH								
Civilian FTEs (Total)								
USDH								

Exhibit PB-24 Professional Military Education Schools
(Page 2 of 3)

Instructions for Professional Military Education (PB-24)

A Separate Exhibit is to be submitted for each of the following schools:

Industrial College of the Armed Forces
National War College
Army Sergeants Major Academy
Army Command and General Staff College
Army War College
Army Management Staff College
College of Naval Command and Staff
College of Naval Warfare
Naval Postgraduate School
Navy Senior Enlisted Academy
Marine Corps Staff NCO Academy
Marine Corps Command and Staff College
Air Force Senior NCO Academy
Air Command and Staff College
Air War College
Air Force Institute of Technology

In addition, the Army will provide a consolidated exhibit for the National Defense University.

This exhibit is required for the Budget Estimate Submission and the President's budget submission.

HOST NATION SUPPORT (HNS) COST EXHIBIT 1/
FY BY1/FY BY2 PRESIDENT'S BIENNIAL BUDGET

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

($ in Millions)

I. GENERAL INFORMATION	FY PY	FY CY	FY BY1	FY BY2
A. Exchange Rate Used				
B. Inflation Rates Used				
1. Labor				
2. Non-Labor				
II. DIRECT SUPPORT				
A. Rent				
B. Labor				
1. Foreign National Labor Cost Sharing				
2. Percent Of Labor Covered				
3. Katusa Labor (Korea Only)				
C. Utilities				
1. Dollar Value Of Hns				
2. Percent Of Utilities Covered				
D. Facilities				
1. Maintenance And Repair				
2. Facilities Improvement Program				
3. Relocation Construction				
4. Other (List)				
E. Miscellaneous (List)				
B. Total				
C. Memo - Identify Amount Of Cash Contribution Included Above.				

HOST NATION SUPPORT (HNS) COST EXHIBIT 1/
FY BY1/FY BY2 PRESIDENT'S BIENNIAL BUDGET

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

	FY PY	FY CY	FY BY1	FY BY2
III. END STRENGTH (E/S)				
A. Foreign National Direct Hires				
1. E/S Funded Solely By U.S. 2/				
2. E/S Funded By Host Nation Cash Payments To U.S.				
3. E/S Funded By Host Nation Assistance-In-Kind				
B. Foreign National Indirect Hires				
1. E/S Funded Solely By U.S. 2/				
2. E/S Funded By Host Nation Cash Payments To U.S.				
3. E/S Funded By Host Nation Assistance-In-Kind				
C. U.S. Direct Hires				
1. E/S Funded Solely By U.S. 2/				
2. E/S Funded By Host Nation Cash Payments To U.S.				
3. E/S Funded By Host Nation Assistance-In-Kind				
D. Total Hires				
1. E/S Funded Solely By U.S. 2/				
2. E/S Funded By Host Nation Cash Payments To U.S.				
3. E/S Funded By Host Nation Assistance-In-Kind				

HOST NATION SUPPORT (HNS) COST EXHIBIT 1/
FY BY1/FY BY2 PRESIDENT'S BIENNIAL BUDGET

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

	FY PY	FY CY	FY BY1	FY BY2
IV. FULL-TIME EQUIVALENTS (FTEs)				
A. Foreign National Direct Hires				
1. FTEs Funded Solely By U.S. 2/				
2. FTEs Funded By Host Nation Cash Payments To U.S.				
3. FTEs Funded By Host Nation Assistance-In-Kind				
B. Foreign National Indirect Hires				
1. FTEs Funded Solely By U.S. 2/				
2. FTEs Funded By Host Nation Cash Payments To U.S.				
3. FTEs Funded By Host Nation Assistance-In-Kind				
C. U.S. Direct Hires				
1. FTEs Funded Solely By U.S. 2/				
2. FTEs Funded By Host Nation Cash Payments To U.S.				
3. FTEs Funded By Host Nation Assistance-In-Kind				
D. Total Hires				
1. FTEs Funded Solely By U.S. 2/				
2. FTEs Funded By Host Nation Cash Payments To U.S.				
3. FTEs Funded By Host Nation Assistance-In-Kind				

HOST NATION SUPPORT (HNS) COST EXHIBIT 1/
FY BY1/FY BY2 PRESIDENT'S BIENNIAL BUDGET

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

($ in Millions)

	FY PY	FY CY	FY BY1	FY BY2
V. TOTAL COMPENSATION 3/				
A. Foreign National Direct Hires				
1. FTEs funded solely by U.S. 2/				
2. FTEs funded by host nation cash payments to U.S.				
3. FTEs funded by host nation assistance-in-kind				
B. Foreign National Indirect Hires				
1. FTEs funded solely by U.S. 2/				
2. FTEs funded by host nation cash payments to U.S.				
3. FTEs funded by host nation assistance-in-kind				
C. U.S. Direct Hires				
1. FTEs funded solely by U.S. 2/				
2. FTEs funded by host nation cash payments to U.S.				
3. FTEs funded by host nation assistance-in-kind				
D. Total Hires				
1. FTEs funded solely by U.S. 2/				
2. FTEs funded by host nation cash payments to U.S.				
3. FTEs funded by host nation assistance-in-kind				

1/ The HNS is defined as those amounts paid in cash to the U.S. or provided as assistance-in-kind by a Host Nation to defray the costs of U.S. forces permanently assigned in that country during peacetime. Assistance-in-kind (AIK) includes any support provided without charge by the Host Nation (i.e., Japanese local national labor cost sharing). This exhibit is to be completed by country. Part II of the Exhibit is to be completed by country by appropriation. Additionally, complete the exhibit summarizing data for all countries. Similarly, provide a summary of Part II by appropriation. Cost and civilian end strength estimates are to reflect host nation support contributions only for activities supported by appropriated funds.

2/ Excludes non-appropriated funded activities.

3/ Personnel costs are to be consistent with OP-8 budget exhibits.

DEFINITIONS

Exchange Rate Used – Rates should be based on approved budgeted rates.

Inflation Rates Used - Indicate the inflation factor used in all calculations provided in the HNS exhibit. If there is a different rate used within non-labor categories, list the items separately. Be sure all amounts shown are adjusted for inflation.

DIRECT SUPPORT
Rents - The amount of lease/rental payments by the Host Nation Government for the use of private property by U.S. forces.

Labor - The amount of payments by the Host Nation for U.S. Direct Hires, Foreign National Direct Hires, and Foreign National Indirect Hires.

Percent of Labor Covered Under Agreement - Indicate the percentage of U.S. forces labor costs paid by HNS.

KATUSA Labor - This category is for Korea only and is the amount of payments made by Korea for Korean Augmentees to the U.S. Army.

Utilities - The amount of payments by the Host Nation for U.S. forces use of on-base and off-base electricity, heating fuels, water, and sewer. Indicate the percentage of U.S. forces utility costs paid by HNS.

Facilities - The amount of Host Nation payments for the planning, design, construction (PDC) and maintenance and repair of facilities used by U.S. forces. Host nation payment for residual value of property turned over to host nations due to base closures is not to be included as HNS.

Maintenance and Repair - The amount of Host Nation payments for the maintenance and repair of U.S. forces' facilities.

Facilities Improvement Program - The amount of Host Nation payments for facilities for the PDC of projects such as family and bachelor housing, community support and recreation facilities, and utilities upgrade. It also includes operational support facilities such as hangars and hardened aircraft shelters.

Relocation Construction - The amount of payments by the Host Nation for facilities for the PDC of projects associated with the relocation of U.S. forces primarily for the convenience of the Host Nation.

DEPARTMENT OF _____
SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY ____ BUDGET ESTIMATE
($ in Thousands)

Environmental Quality	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate	Change CY/BY1	Change BY1/BY2
Appropriation: _____						
Inside the United States and Territories _____ or Outside the U.S. and Territories _____						
1. Recurring Costs – Class 0 (Enter Total of a + b)						
a. Manpower						
b. Education & Training						
2. Environmental Compliance - Recurring Costs (Class 0) (Enter Total of a + b + c + d)						
a. Permits & Fees						
b. Sampling, Analysis, Monitoring						
c. Waste Disposal						
d. Other Recurring Costs						
3. Environmental Pollution Prevention - Recurring Costs (Class 0)						
4. Environmental Conservation - Recurring Costs (Class 0)						
Total Recurring Costs (Enter Total of 1+2+3+4)						
5. Environmental Compliance - Nonrecurring (Class I/II)						
a. RCRA Subtitle C - Hazardous Waste						
b. RCRA Subtitle D - Solid Waste						
c. RCRA Subtitle I - Underground Storage Tanks						
d. Clean Air Act						
e. Clean Water Act						
f. Planning						
g. Other						
Total Nonrecurring (Class I/II)						

Exhibit PB-28 Funds Budgeted for Environmental Quality
(Page 1 of 3)

DEPARTMENT OF _____
SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY ____ BUDGET ESTIMATE
($ in Thousands)

	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate	Change CY/BY1	Change BY1/BY2
6. Pollution Prevention - Nonrecurring (Class I/II)						
a. RCRA Subtitle C - Hazardous Waste						
b. RCRA Subtitle D - Solid Waste						
c. Clean Air Act						
d. Clean Water Act						
e. Hazardous Material Reduction						
f. Other						
Total Nonrecurring (Class I/II)						
7. Environmental Conservation - Nonrecurring Costs - (Class I/II)						
a. T&E Species						
b. Wetlands						
c. Other Natural Resources						
d. Historical & Cultural Resources						
Total Nonrecurring (Class I/II)						
GRAND TOTAL ENVIRONMENTAL QUALITY						

Environmental *Cleanup* Program Outside the United States
(Memo entry for *overseas cleanup* amounts included above) (The amounts entered in this item shall not include any of the 50 states, District of Columbia, Guam, Puerto Rico, or other territories and possessions of the U. S.)

All Funds Budgeted for Environmental Security Technology are to be reported on PB 28A.

Instructions for completing the PB-28

1. Purpose.

The PB-28 is the format for capturing all environmental Compliance, Pollution Prevention, and Conservation funding within the DoD, including amounts in Compliance used for Cleanup at overseas locations.

2. Coverage.

Each Component shall submit a separate exhibit for each appropriation/fund inside the United States and territories and a separate exhibit for each appropriation/fund outside the United States and Territories. For the outside the U.S. and territories, annotate at the bottom of the form, the amount included in the format for cleanup activities overseas. (That is, those activities that would be funded in the Environmental Restoration Accounts if they occurred inside the United States) Each Component should also submit a Grand Total Exhibit that would summarize all exhibits for that Component.

3. Submission Requirements.

The exhibit is to be submitted with the OSD Budget Estimate Submission and the President's Budget Submission. Provide narrative justification supporting changes between fiscal years. Each President's Budget Submission is to be supported by an attachment identifying the budgeted environmental quality projects equal to or over $1.5 million. The format for the list will be provided annually under separate cover, in accordance with title 10 U.S.C. 2706(b).

DEPARTMENT OF _____
SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY ____ BUDGET ESTIMATE

Environmental Security Technology By Appropriation	PY Actual	CY Estimate	BY1 Estimate	BY2 Estimate	Change CY/BY1	Change BY1/BY2
			($ in Thousands)			
1. Cleanup						
2. Compliance						
3. Pollution Prevention						
4. Conservation						
TOTAL						

1. Provide a summary sheet of all appropriations/funds.
2. Provide narrative justification for changes from year to year
3. For each appropriation, include applicable breakout categories. For example, for activities funded by RDT&E appropriations, separately identify the amounts for each budget activity (BA):
   BA1 - Basic Research, BA2 – Advanced Research, BA3 - Advanced Technology Development, BA4 - Demonstration/Validation, BA5 – Engineering and Manufacturing Development, BA6 - RDT&E Management Support, and BA7 - Operational Systems Development.

Exhibit PB-28A Funds Budgeted for Environmental Security Technology

ADMINISTRATIVE MOTOR VEHICLE OPERATIONS (PB-41)
(Name of Component)

(Dollar in Thousands)

Cost Category	FY PY	FY CY	FY BY1	FY BY2	CY-BY1 Change	BY1-BY2 Change
1. Operating Costs for Non-Tactical Fleets						
2. Accident Damage (Net loss to Government)						
3. Vehicle Procurement Costs						
4. Commercial Leases						
5. Interagency Fleet Management System (IFMS) Leases						
6. Disposal Costs						
7. Capital Expenditures for Facilities and Equipment						
8. Privately Operated Vehicles (used for official business)						
Total						

Distribution by Appropriation/Fund

(Identify the amounts included above by appropriation and fund.)

Total

BACKGROUND: The Consolidated Omnibus Budget Reconciliation Act of 1985, Subtitle C - Federal Motor Vehicle Expenditure Control of Public Law 99-272, requires that each Federal Agency establish and operate a central monitoring system for motor vehicle costs and establish a data collection system and to report such data in support of the President's budget. Guidance as to the definition and coverage of this requirement is provided by the General Services Administration in Federal Property Regulations. The vehicles used for military training, combat or tactical purposes are specifically excluded.

PREPARATION REQUIREMENTS: Every Component of the Department is required to complete a PB-41 Motor Vehicle Operations Exhibit. Negative replies are required. These will be used by the Office of the Under Secretary of Defense (Comptroller), Operations & Personnel Directorate, 3D868 Pentagon, to prepare a consolidated exhibit, which will be provided to the Office of Management and Budget as required by OMB Circular A-11 (Section 100 – Additional Information Required After Passback). In order to meet the OMB schedule and include this information in the printed President's budget request, the PB-41 exhibit for the Congressional Justification/Presentation must be submitted by **January 5th**. Include in the lower right hand corner, the date of preparation, and the name and telephone number of an individual responsible for answering questions concerning the submission.

Exhibit PB-41 Administrative Motor Vehicle Operations

DoD Component
FY BY1/BY2 OSD Submit/President's Budget
Competitive and Strategic Sourcing
This exhibit has been revised in its entirety.

Instructions: Each Service and Defense Agency/Activity is to submit this exhibit. Negative replies are required. The exhibit is composed of three parts. Part I displays Competitive and Strategic Sourcing savings associated with A-76 initiatives. Part II displays the same information for savings derived by non A-76 initiatives. Part III summarizes parts I and II, presenting the total Competitive and Strategic Sourcing savings generated by both A-76 and non A-76 initiatives.

For Section I: Report baseline manpower and dollars for all single function studies completed (in PY-1) and scheduled (PY, CY, BY1, etc.) for competitive sourcing. Each activity should be reported in the year that the study is scheduled to be initiated. The annual cost for each activity should be reported even if you plan to outsource during the fiscal year. Report personnel data by appropriation (e.g., O&M, Revolving Funds,). The cost of activities to be studied represents the total cost of operating the competed activity. Provide in the narrative description the total net military, civilian, and combined total studies completed in FY 1997 and FY 1998.

For Section II: Report the same information as Section I for multifunction studies, and including the information in the narrative on FY 1997 and FY 1998 studies completed.

For Section III: The cost to conduct studies is the cost associated with conducting the competitive sourcing study. The costs should reflect actual costs in the PY-1 and the amounts budgeted in the other years to conduct the studies. In the narrative description section, discuss the methodology used to develop study costs and provide justification for significant deviations from the nominal average of $2,000 per FTE. Costs should be reported by appropriation.

For Section IV: Report costs of transition to Most Efficient Organization (MEO) or contract. Such costs include severance pay, Voluntary Separation Incentive Pay (VSIP), etc. In the narrative section, discuss the assumptions used to determine transition costs including the categories of cost included.

For Section V: Show personnel and dollar savings from competitions completed in the year being reported plus the annualized savings from previous years.

- For civilian substitution, report the military end strength converted to civilian positions, which decreases the total civilian reduction. The Total Civilians and Military reduction is thus the sum of the military and civilian reductions less the civilian substitution.
- Provide in the narrative description the total net military, civilian and combined total manpower reductions achieved and attributable to FY 1997 and FY 1998. Enter the sum of these two values in each column as Total Accrued Manpower Savings FY 1997-1998. This value, when summed with the Total Net Manpower Savings figure, yields the Total DRI Manpower Savings. In this way, the exhibit will provide information on <u>all savings</u> attributable to the DRI initiative, since its inception in FY 1997.
- Gross savings should not be offset by the cost of studies or transition costs. In the narrative description, include a discussion of the methodology used to develop both manpower and dollar savings. Also indicate whether the savings have been distributed to specific programs or claimants.
- Net savings are equal to gross savings, offset by the cost of conducting studies (Section III) and transition costs (Section IV). Provide in the narrative the Total Net dollar savings achieved accrued in FY 1997 and FY 1998. Enter the sum of these two values in each column as Total Accrued Net Dollar Savings FY 1997-1998. This value, when summed with the Total Net Dollar Savings figure, yields the Total DRI Dollar Savings. In this way, the exhibit will provide information on <u>all savings</u> attributable to the DRI initiative, since its inception in FY 1997.

Dollars and manpower are presented by appropriation throughout. Dollars are reported in thousands with savings as positive numbers and costs as negative numbers. Manpower savings are reported as end strength (ES) for military and reserve personnel and Full Time Equivalents (FTEs) for civilian personnel. Manpower savings are positive numbers and civilian substitutions are negative numbers.

Part __ of III
(Part I – A-76 Studies, Part II – Non A-76 Studies, Part III – Total Studies)
(Direct Dollars in Thousands, Military End Strength, Civilian Full-Time Equivalents)

	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4	TOTAL
SINGLE FUNCTION STUDIES									
Total Positions Studied/To Be Studied									
Military									
Appropriation 1									
Appropriation 2, etc.									
Civilian									
Appropriation 1									
Appropriation 2, etc.									
Total Civilians and Military									
Cost for activities studied									
Appropriation 1									
Appropriation 2, etc.									
Total Cost									
MULTI-FUNCTION STUDIES									
Total Positions Studied/To Be Studied									
Military									
Appropriation 1									
Appropriation 2, etc.									
Civilian									
Appropriation 1									
Appropriation 2, etc.									
Total Civilians and Military									
Cost for activities studied									
Appropriation 1									
Appropriation 2, etc.									
Total Cost									

Part __ of III
(Part I – A-76 Studies, Part II – Non A-76 Studies, Part III – Total Studies)
(Direct Dollars in Thousands, Military End Strength, Civilian Full-Time Equivalents)

COST TO CONDUCT STUDIES
Appropriation 1
Appropriation 2, etc.
Total Study Costs

TRANSITION COSTS
Appropriation 1
Appropriation 2, etc.
Total Transition Costs

PROJECTED/ACTUAL SAVINGS REFLECTED IN THE BUDGET
Manpower

Military
Appropriation 1
Appropriation 2, etc.
Subtotal Military

Civilian
Appropriation 1
Appropriation 2, etc.
Subtotal Civilians

Civilian Substitution
Appropriation 1
Appropriation 2, etc.

Subtotal Civilian Substitution
Net Civilian Savings (less Civilian Substitution)
Subtotal Net Civilians and Military (less Civilian Substitution)
Subtotal Accrued Net Manpower Savings Prior to FY 1999
Grand Total Net DRI Manpower Savings

Part __ of III
(Part I – A-76 Studies, Part II – Non A-76 Studies, Part III – Total Studies)
(Direct Dollars in Thousands, Military End Strength, Civilian Full-Time Equivalents)

GROSS DOLLAR SAVINGS
Appropriation 1
Appropriation 2, etc.
Total Gross Dollar Savings

NET DOLLAR SAVINGS (GROSS SAVINGS LESS STUDY AND TRANSITION COSTS)
Appropriation 1
Appropriation 2, etc.
Subtotal Net Dollar Savings

Subtotal Accrued Net Dollar Savings Prior to FY 1999

Grand Total Net DRI Dollar Savings

Narrative:

DATE _____

CHILD DEVELOPMENT, SCHOOL-AGE CARE, (SAC) FAMILY CENTERS, AND FAMILY ADVOCACY PROGRAMS

Identify Component

	(TOA, $ in Millions)			
	FY PY	FY CY	FY BY1	FY BY2

I. CHILD CARE PROGRAMS

(Child Development Program (CDP) & School Aged Care (SAC) Programs for children 0-12)

A. CHILD DEVELOPMENT CENTERS

Appropriation (Identify costs by appropriation (i.e., O&M, Mil Con, etc.) and total)
Total Direct Costs [1/]
Total Indirect Costs [2/]

Total (should include the expense elements in DoDI 7000.12)

Child Care Parent Fee Revenue

Non-Appropriated Fund Subsidy

Workload
No. of Child Care Spaces (operational capacity)

Personnel
Civilian FTEs (Appropriated Fund Employees)
Nonappropriated Fund (NAF) FTEs funded thru uniform resources programs with Appropriated Funds (APF)
Total

B. FAMILY CHILD CARE

Appropriation (Identify costs by appropriation and total)

Personnel
Civilian FTEs (Appropriated Fund Employees Only)
Nonappropriated Fund (NAF) FTEs funded thru uniform resources programs with Appropriated Funds (APF)
Total

Workload
No. of Child Care Spaces (operational capacity)

C. SUPPLEMENTAL PROGRAM SERVICES/RESOURCE & REFERRAL/OTHER

Appropriation (Identify costs by appropriation and total)

Personnel
Civilian FTEs (Appropriated Fund Employees Only)
Nonappropriated Fund (NAF) FTEs funded thru uniform resources programs with Appropriated Funds (APF)
Total

Workload
No. of Child Care Spaces (operational capacity)

CHILD DEVELOPMENT, SCHOOL-AGE CARE, (SAC) FAMILY CENTERS, AND FAMILY ADVOCACY PROGRAMS

Identify Component

	(TOA, $ in Millions)			
	FY PY	FY CY	FY BY1	FY BY2
D. SCHOOL-AGE CARE (SAC)				
Appropriation (Identify costs by appropriation (i.e., O&M, Mil Con, etc.) and total)				
Total Direct Costs [1/]				
Total Indirect Costs [2/]				
Total (should include the expense elements in DoDI 7000.12				
SAC Parent Fee Revenue				
Non-Appropriated Fund Subsidy				
Personnel				
Civilian FTEs (Appropriated Fund Employees)				
Nonappropriated Fund (NAF) FTEs reimbursed with Appropriated Funds (APF)				
Total				
Workload				
No. of SAC Spaces (operational capacity)				
No. of SAC Care Spaces Required (100%)				
% of Spaces to Required Spaces				
TOTAL CHILD CARE PROGRAM				
Appropriation				
Total Direct Costs [1/]				
Total Indirect Costs [2/]				
Total (should include the expense elements in DoDI 7000.12)				
Total Parent Fee Revenue				
NAF Subsidy				
Personnel				
Civilian FTEs (Appropriated Fund Employees Only)				
Workload				
No. of Child Care Spaces (operational capacity)				
No. of Child Care Spaces Required (100%)				
% of actual Spaces to Required Spaces				

Explanation of Changes: For each category, provide an explanation of the changes between current year (CY) and biennial budget year 1 (BY1) and between BY1 and biennial budget year 2 (BY2); identify price & program growth between each year.

[1/] Direct costs include those costs that can be directly attributed to the activity and include civilian pay and benefits, travel, training, supplies and equipment, contracts, FCC subsidy, etc.
[2/] Indirect cost includes costs that are attributed to more than one activity and include rents, utilities, communications, minor construction, repair and maintenance, contracts, and engineering support.

CHILD DEVELOPMENT, SCHOOL-AGE CARE, (SAC) FAMILY CENTERS, AND FAMILY ADVOCACY PROGRAMS

Identify Component

(TOA, $ in Millions)

	FY PY	FY CY	FY BY1	FY BY2

II. YOUTH PROGRAMS

Appropriation (Identify costs by appropriation (i.e. O&M, Mil Con, etc.) and total)
Total Direct Costs [1/]
Total Indirect Costs [2/]
Total (should include the expense elements in DoDI 7000.12)

Estimated Youth Fee Revenue

Non-Appropriated Fund Subsidy

Personnel
Civilian FTEs (Appropriated Fund Employees)
Nonappropriated Fund (NAF) FTEs reimbursed with Appropriated Funds (APF)
Total

Narrative: Explain changes between the CY and BY1 and between BY1 and BY 2. Identify price and program growth between each year.

III. FAMILY CENTERS

Appropriation (Identify costs by appropriation and total)

Personnel
Military (E/S)
Civilian FTEs

Workload (Excludes workload supported by OSD funds (i.e. Relocation, Transition, Family Advocacy). These are documented separately.
A. The number of single transactions which take approximately 10-15 minutes or less.
B. Cases (assessment/case management/counseling) which take longer than 10-15 minutes (each session is counted as one).
C. Number of people involved in command consultation (briefings, meetings, unit visits).
D1. Number of classes
D2. Number of participants in classes.

Narrative: Explain changes between the CY and BY1 and between BY1 and BY 2. Identify price and program growth between each year.

IV. FAMILY ADVOCACY PROGRAM (To be completed by the DoD Dependent Schools) (Services should not fill in unless they have funds separate from DoD Dependent Schools funding.)

A. CORE FAMILY ADVOCACY PROGRAM (Prevention, Direct Services, Training, Evaluation and Administration)

CHILD DEVELOPMENT, SCHOOL-AGE CARE, (SAC) FAMILY CENTERS, AND FAMILY ADVOCACY PROGRAMS

Identify Component

(TOA, $ in Millions)

	FY PY	FY CY	FY BY1	FY BY2

A.1. Prevention Services

Appropriation (Identify costs by appropriation and total)

Personnel
Military (E/S)
Civilian FTEs
Contract Employees FTEs

Workload
Number Served (Actual population contacts)
Workload per Prevention Services Provider (Number Served divided by the Number (FTE) of Prevention Services Providers)

A.2 Direct Services

Appropriation (Identify costs by appropriation and total)

Personnel
Military (E/S)
Civilian FTEs
Contract Employees FTEs

Workload
Number Served (Actual population contacts)
Workload per Direct Services Staff

A.3. Training, Evaluation, and Administration

Appropriation (Identify costs by appropriation and total)

Personnel
Military (E/S)
Civilian FTEs
Contract Employees FTEs

B. NEW PARENT SUPPORT

Appropriation (Identify costs by appropriation and total)

Personnel
Military E/S
Civilian FTEs
Contract Employees FTEs

Workload
Number Served

CHILD DEVELOPMENT, SCHOOL-AGE CARE, (SAC) FAMILY CENTERS, AND FAMILY ADVOCACY PROGRAMS
Identify Component

	(TOA, $ in Millions)			
	FY PY	FY CY	FY BY1	FY BY2

C. YOUTH AT RISK

Appropriation (Identify costs by appropriation and total)

Personnel
Military E/S
Civilian FTEs
Contract Employees FTEs

Workload
Youth Served

TOTAL FAMILY ADVOCACY PROGRAM

Appropriation (by appropriation and total)

Personnel
Military E/S
Civilian FTEs
Contract Employees FTEs

Narrative: Explain changes between the CY and BY1 and between BY1 and BY2 at the total program level. Identify price and program growth between each year.

DoD Aeronautics Budget
(Name of DoD Component)
($ Millions)

Appropriation Summary:	FY 20PY-2 Actual	FY 20PY-1 Actual	FY 20PY Actual	FY 20CY Estimate	FY 20BY1 Estimate	FY 20BY2 Estimate
Research Development, Test & Evaluation						

Program Data

Program: Title	Program Element	FY 20PY-2 Actual	FY 20PY-1 Actual	FY 20PY Actual	FY 20CY Estimate	FY 20BY1 Estimate	FY 20BY2 Estimate

Exhibit PB-52A DoD Aeronautics Budget
Page 1 of 2

Instructions
Exhibit PB-52A_DoD Aeronautics Budget

1. Purpose. This exhibit identifies research and development funding for Aeronautics programs. The data are used to prepare the overall DoD input into the annual President's Aeronautics and Space Report which is prepared by the Office of Management and Budget (OMB). A copy of the final report is available for information in the OUSD(Comptroller) Investment Directorate.

2. Submission.

a. Exhibit PB-52A should separately identify all RDT&E program elements providing funds in support of the development of systems, subsystems and components used in rotary and fixed wing aircraft.

b. Data are to be provided in millions of dollars, using 3 decimal points.

c. Submission of the required exhibit will be made in hard paper copy and in a DOS/Excel format. [Floppy disk: 360K, 5 1/4"; or 1.44MB, 3 1/2"].

d. The submission of the completed exhibits to the OUSD(Comptroller) is due no later than 15 working days after transmission of the President's budget to the Congress.

3. Entries.

Exhibit PB-52A (Aeronautics Programs)

a. Program Title. Insert the official program title as reflected in the R-1 budget exhibit.

b. Program Element Number. Insert the official 7-digit plus organization program element designator as reflected in the R-1 budget exhibit.

c. Budget Estimate. The completed exhibits are to reflect the estimated cost, as funded in the Future Year Defense Program (FYDP), by fiscal year for the period FY 20PY-2 through FY 20BY2 (the three prior years, the current year and the budget years). All amounts should be in then years (TY)

DoD Space Budget
(Name of DoD Component)

Appropriation Summary:	FY 20PY-2 Actual	FY 20PY-1 Actual	FY 20PY Actual	FY 20CY Estimate	FY 20BY1 Estimate	FY 20BY2 Estimate
(List by appropriation)						

Program Data

Program: Title	Program Element	FY 20PY-2 Actual	FY 20PY-1 Actual	FY 20PY Actual	FY 20CY Estimate	FY 20BY1 Estimate	FY 20BY2 Estimate

Exhibit PB-52B DoD Space Budget
Page 1 of 4

Instructions for Preparation of Exhibit PB-52B
DoD Space Budget

1. Purpose. This exhibit identifies all funding for Space programs. The data will be used to prepare an exhibit which reflects total DoD funding for Space Programs. The data from the DoD exhibit is used to support a myriad of Space Budget Justification requirements including Congressional Space Budget Justification and the DoD input into the President's Aeronautics and Space Report which is prepared by the Office of Management and Budget (OMB). The data are also used to support congressional hearings on space programs and to fulfill other various information requests regarding space-related funding.

2. Submission.

a. Exhibit PB-52B is required to identify funding in all DoD appropriations directly or indirectly related to space based systems.

b. The data are to be provided in millions of dollars, using 3 decimal points.

c. Submission of the required exhibit will be made in hard paper copy and in a DOS/Excel format. [Floppy disk: 360K, 5 1/4"; or 1.44MB, 3 1/2"].

d. The submission of the completed exhibit to the OUSD(Comptroller) is due no later than fifteen (15) working days after transmission of the President's Budget to the Congress.

3. Entries.

Exhibit PB-52B

a. Program Title. Insert the official program title as reflected in the P-1, R-1, C-1, Military Personnel, and Operation & Maintenance budget justification exhibits.

b. Program Element Number. Insert the official 7-digit plus organization program element number related to the program/activity.

c. Appropriation. Insert the funding appropriation of the program/activity entry. Below are the valid appropriations for this exhibit:

Air Force	Navy	Army	Defense Agencies
APAF	SCN	APA	PDA
WPAF	APN	MPA	NG&RE
OPAF	WPN	PW&TCV	DPA
RDT&E,AF	OPN	OPA	RDT&E,DW
O&M,AF	PMC	RDT&E,A	O&M,DW
MILPER,AF	RDT&E,N	O&M,A	MILPERS,DW
MILCON,AF	O&M,N	MILPERS,A	MILCON,DW
	MILPER,N	MILCON,A	
	MILCON,N		

e. Factor. If the funding for a Space related activity is only a fraction on the total in a given program element, identify the percent of the total program relating to Space activity. (Example: in most cases the proper response is 100%, however if only half the funds budgeted in a given budget line is related to space, enter 50%).

f. Category. Categorize the line entries by the following Space activity:

Navigation consists primarily of programs related to Space based navigation and positioning systems. This category would include funding for development, procurement, operations and use of TRANSIT and NAVSTAR/GPS satellite: satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Communication includes programs related to providing a satellite communications service. This category would include funding for satellite development and procurement and operation of MILSTAR, DSCS, FLTSATCOM, UHF Follow-on, etc.; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Mapping includes programs related efforts to obtain more accurate data for geographic maps and charts and provide geophysical information to strategic and tactical weapon systems. This category would include funding for system to identify size, shape, and gravity field of the earth. This category would include funding for satellite development and procurement; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Meteorology consists of programs that supply timely weather information such as the DMSP satellite. Would include procurement and development of satellites; satellite ground control costs to include operations, and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of dedicated system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Launch Vehicles includes the cost of developing and procuring expendable launch vehicles; costs of DoD use of the NASA Space Shuttle vehicle. This category would include the cost of Titan IV, Atlas II, Delta II, the National Launch System, Pegasus and other space launch vehicles.

Surveillance includes those costs related to providing detection of land, sea and air surveillance. Would include costs of DSP, Brilliant Eyes, Improved Space Based TW/AA satellite, ALARM and other strategic and tactical satellite procurement and development programs; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Intelligence includes those costs relating to providing space based intelligence service. This category would include cost of user systems procurement and development; command & control costs to include operations and maintenance costs; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and associated hardware and software. Note: the completed exhibit should not exceed a SECRET clearance level.

Missile Defense includes those costs relating to providing a defense from strategic and tactical ballistic missiles. This would include cost of developing and procuring space based interceptor such as Brilliant Pebbles and space based kinetic and directed energy weapons. This would also include: cost of technical and engineering studies and architecture development; cost of ground control to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of terminals; development, procurement and installation of antennas and command and control hardware and software.

General Support includes various functions such as costs for support the deployment and sustainment of space based systems. This category would include operations and maintenance cost of space launch facilities and infrastructure; the cost of maintaining and operating the west and east coast ranges. This would include the cost of contractor technical and engineering support; Federal civilian and Milpers costs; construction of facilities; development and procurement of terminals; development, procurement and installation of antennas and command and control hardware and software.

Supporting RDT&E includes those costs relating to space systems technology not directly associated with a particular spacecraft or vehicle. This would include the development of common components; developing generic technologies for space based components and launch vehicles; Technological Base development; and the cost of space test programs.

g. Budget Estimate. Insert in millions (3 decimals) the approved funding for the three prior budget years, current year, the budget years, and four outyears. All amounts should be in then years (TY).

DEPARTMENT OF _____

FY 20BY1/FY 20BY2 PRESIDENT'S BUDGET

BUDGETED MILITARY AND CIVILIAN PAY RAISE AMOUNTS ($ IN THOUSANDS)

		FY 20CY	FY 20BY1	FY 20BY2
MILITARY PERSONNEL				
Military Personnel, Army, Navy, MC, Air Force				
CY	(Specify date and percentage of pay raise)			
BY1	(Specify date and percentage of pay raise)			
BY2	(Specify date and percentage of pay raise)			
Total				
Reserve Personnel, Army, Navy, MC, Air Force				
CY	(Specify date and percentage of pay raise)			
BY1	(Specify date and percentage of pay raise)			
BY2	(Specify date and percentage of pay raise)			
Total				
National Guard Personnel, Army, Air Force				
CY	(Specify date and percentage of pay raise)			
BY1	(Specify date and percentage of pay raise)			
BY2	(Specify date and percentage of pay raise)			
Total				
TOTAL MILITARY PERSONNEL				
CIVILIAN PERSONNEL				
Operations and Maintenance, Army, Navy, MC, Air Force Defense Agencies				
Classified				
CY	(Specify date and percentage of pay raise)			
BY1	(Specify date and percentage of pay raise)			
BY2	(Specify date and percentage of pay raise)			
Total				
Wage Board				
CY	(Specify date and percentage of pay raise)			
BY1	(Specify date and percentage of pay raise)			
BY2	(Specify date and percentage of pay raise)			
Total				
Foreign National				
CY				
BY1				
BY2				
Total				
Total Operation and Maintenance				
Research, Development, Test, and Evaluation (RDT&E), Defense Business Operations Fund, Family Housing, etc.				
TOTAL CIVILIAN PERSONNEL				

Exhibit PB-53 Budgeted Military and Civilian Pay Raise Amounts

CIVILIAN PERSONNEL HIRING PLAN
COMPONENT _____
FY _____

APPROPRIATION: _____

Month	E/S Beginning	Gains	Separations				Net Change	E/S Revised	FTE
			Attrition	Retire	RIF	Total			
a	b	c	d	e	f	g	h	i	j
Oct									
Nov									
Dec									
Jan									
Feb									
Mar									
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Total									

Definitions

Column	Title	Definition
a	Month	Month of the fiscal year
b	E/S Beginning	Civilian end strength at the beginning of the month
c	Gains	Civilian end strength hires during the month
	Separations	Column d-f; civilian personnel losses during the month
d	Attrition	Civilian end strength monthly losses not covered in columns e and f
e	Retire	Number of civilian employees who retired during the month
f	RIF	Number of civilian employees who separated due to reductions in force during the month.
g	Total	Sum of columns d-e; total number of civilian separations during month
h	Net Change	Net change of gains and separations (column c less column g)
i	E/S Revised	End Strength at the end of the month (column b plus column h)
j	FTE	Full time equivalents. Enter full time equivalent for month.

The October, E/S Beginning (column b) is the same as the September E/S Revised (column i) of the previous fiscal year.
The September E/S Revised (column i) must match the end strength reported on other budget exhibits (OP-5, OP-8).
The Total annual FTE (total of column j) must match FTE reported on other budget exhibits (OP-5, OP-8).

This exhibit must be provided for the current year (FY CY) and the budget years (FY BY1 and FY BY2) for both the OSD/OMB Budget Estimates Submission and for the President's budget submission.

Exhibit PB-54 Civilian Personnel Hiring Plan

INTERNATIONAL MILITARY HEADQUARTERS

FY PY Actual				FY CY Estimate				FY BY1 Estimate				FY BY2 Estimate			
Military Avg Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)	Military Avg Strength	Civ FTEs	Total Mpwr	Total Obligation ($ 000)

INSTRUCTIONS

Category/Organization/Appropriation: This exhibit will provide manpower, payroll, and non-labor cost data directly related to DoD personnel serving in the International Military Headquarters mission. Data will be displayed by appropriation/fund (including Military Personnel). A narrative explanation is required for all increases and decreases.

Manpower and TOA will be identified by appropriation or fund as displayed in the following example:

	FY BY1 Estimate			
	Military A/S	Civilian FTEs	Total Mpwr	Total Obl. ($000)
International Military Headquarters	1,225	256	1,481	89,517
MPMC	255		255	15,600
MPN	970		970	59,031
OMN		256	256	14,886
(DIR)		(250)	(250)	(14,461)
(REIMB)		(6)	(6)	(425)

- Under "Total Obligations" TOA should be limited to costs directly in support of International Military headquarters and should not include operational elements of expense for programs centrally funded or managed at the headquarters but executed elsewhere in the Department.
- Under appropriation, manpower strengths and funds will be identified as direct or reimbursable.
- Revolving funds that support headquarters activities will be reflected in the same fashion as appropriated funds.
- A total summary by appropriation, as well as a grand total, will be provided.
- Classified data will be reported.
- National Guard and Reserve officers serving on active duty and performing duties described in 10 U.S.C. 10211 will be excluded from this exhibit.
- Attached an addendum to provide a listing of organizational acronyms and their meanings used in this exhibit.

POC:_____ Phone No. _____

Exhibit PB-55 International Military Headquarters

INTERNATIONAL TRAVEL
DoD Component
FY BY1/BY2 OSD Submit/President's Budget

Component:
Point Of Contact (Name/Phone Number):
Date:

	Prior Year
Total Obligations ($ In Thousands):	X,Xxx.X
Total Number Of Individuals:	X,Xxx

The Office of Management and Budget is required to submit a report to the Congress that describes total federal expenditures for official international travel and the total number of individuals who engaged in such travel during the previous fiscal year.

International travel is all travel between the United States and other nations, and travel between other nations. The United States refers to the continental United States, Alaska, Hawaii, and all territories.

Expenditures refer to the total direct obligations incurred and reported in object class 21, travel and transportation of persons, for international travel. This includes all instances when the federal government pays directly or reimburses the traveler. This does not include payments by contracts or grantees. In addition, this does not include expenses related to the relocation of federal employees (e.g., permanent change of stations)

Individuals refers to the total number of people (not full-time equivalents) who engaged in international travel. This specifically refers to the number of individuals, as opposed to the number of trips individuals take (e.g., a person who takes two international trips is one individual).

Section 100.4 of OMB Circular A-11, dated July 12, 1999, specifies the requirements for this exhibit and requires the information to be submitted 5 days after their database locks. For the President's budget submission, this data is required by January 10. OMB Circular A-11 is updated annually.

EACH COMPONENT MUST SUBMIT A NEGATIVE REPLY IF THEY HAVE NO TRAVEL MEETING THE ABOVE CRITERIA

Exhibit PB-56 International Travel

OVERSEAS MILITARY BANKING PROGRAM (OMBP)

[MILITARY DEPARTMENT] BUDGET ESTIMATE

(Dollars in Millions)

ELEMENT	FY 20PY	FY 20CY	FY 20BY1	FY 20BY2
INCOME				
• Interest Income				
• Less Interest Expense				
• Net Interest Income				
• F/X Earnings				
• Account Charges				
• Other Income				
TOTAL NET INCOME				
OPERATING EXPENSES				
• Staff Expenses				
•• Salaries and Wages				
•• Employment Expenses				
•• Severance Payments				
•• Other				
• Equipment Expenses				
•• Purchases Under ¤25,000 Unit Price				
•• Purchases Over ¤25,000 Unit Price				
•• Rental/Maintenance				
• Premise Expenses				
• Other Operating Expenses				
• Loss & Damage (Bad Debt Expenses)				
• Administrative Expenses				
•• Direct				
•• Indirect Allocation for Mil Bnkng Admin, Home/District Office and DP)				
• Transition Costs (As Appropriate)				
TOTAL OPERATING EXPENSES				
NET OPERATING COST [Total Net Income Minus Total Operating Expenses]				
MANAGEMENT FEE				
PERFORMANCE/INCENTIVE FEE				
TOTAL OMBP COSTS				

Exhibit OMBP-01 Overseas Military Banking Program
1 of 2

OVERSEAS MILITARY BANKING PROGRAM (OMBP)

[MILITARY DEPARTMENT] BUDGET ESTIMATE

ELEMENT	FY 20PY	FY 20CY	FY 20BY1	FY 20BY2
FUNDING PROFILE (Dollars in Millions)				
• Operation and Maintenance				
• Procurement				
• Other (Specify)				
NUMBER OF OVERSEAS MILITARY BANKING FACILITIES				
• Full-Time Military Banking Facilities (MBFs)				
• Part-Time Military Banking Facilities (MBFs)				
• Pay Day Service Facilities				
• Automated Teller Machines (ATMs)				
OTHER				
• Full Time Equivalents (FTEs)				

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Financial Management Regulation Volume 2B: Budget Formulation and Presentation

B. DATE Report Downloaded From the Internet: 09/22/00

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): **DAPS Washington, DC Operations**
Attn: Gil Kruemmel- Director
Arlington, VA
(703) 607-5200

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ **Preparation Date 09/22/00**

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.