

21 FEBRUARY 2006



Financial Management

**UNIFORM REIMBURSEMENT AND PRICING
PROCEDURES**

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

NOTICE: This publication is available digitally on the AFDPO WWW site at:
<http://www.e-publishing.af.mil>

OPR: HQ AFMC/FMPM
(Mr. Edward B. Arnold)
Supersedes AFMCI 65-602, 25 Aug 98

Certified by: HQ AFMC/FMP
(Ms. Sharon King-Roberts)
Pages: 39
Distribution: F

This instruction implements *AFPD 65-6, Budget*. It provides guidance defining responsibilities and procedures for budgeting, funding and reporting RDT&E support costs. Logistic support cost guidance is provided in AFMCI 21-113, *Contract Maintenance Program for Depot Maintenance Business Area (DMBA)*, and AFMCI 21-111, *Depot Maintenance Business Area (DMBA) Financial Operating Procedures*. This instruction gives guidance on use of uniform direct funding, reimbursement and pricing guidance among test centers and laboratories. It describes funding relationships between AFMC program and project managers and Office of Secretary of Defense (OSD)-designated (Test and Evaluation (T&E)) activity. **Chapter 2** implements DoDD 3200.11, *Major Range and Test Facility Base - Summary of Capabilities*, and DoD 7000.14R, Vol 11A, *Department of Defense Financial Management Regulation (Reimbursable Operations, Policy and Procedures)*. It applies to Air Armament Center (AAC) 46th Test Wing, Arnold Engineering Development Center (AEDC), Air Force Flight Test Center (AFFTC), tenants and detachments of these T&E activities that require T&E support and managers of AFMC programs and projects that require T&E support. **Chapter 3** implements programming and budgeting portions of AFI 65-601, Vol 1, *Budget Guidance and Procedures*. It applies to the Air Force Research Laboratory (AFRL) technology directorates and research sites. This instruction does not apply to funding for base support services that are provided under AFMC intracommand, Air Force interservice, or interdepartmental support agreements. This instruction does not apply to the Air National Guard or to US Air Force Reserve units and members.

SUMMARY OF REVISIONS

This revision aligns the instruction with AFPD 65-6. The instruction has been revised and updated to reflect recent changes to DoD 7000.14-R, Vol 11A, Chapter 12, Department of Defense Financial Management Regulation, Reimbursable Operations, Policies and Procedures, Major Range and Test Facilities, and the impact of recently revised AFI 65-601, Vol 1, Budget Guidance and Procedures. Changes include deletion of Ancillary Variable Indirect Cost (AVIC) from this instruction and implementation of new charging policy for DoD customers at AFMC Test Centers effective 1 Oct 05. Paragraph **2.2**. was revised

to reflect Section 232 of the FY 2003 National Defense Authorization Act (NDAA) reference charging institutional and overhead costs of a facility or resource to the major test and evaluation investment accounts. Examples of direct costs and indirect costs were updated IAW FY2003 NDAA and DoD implementing guidance. The AVIC concept, which permitted “direct charging” for certain indirect cost to DoD customers, is not supported by the Statement of Federal Financial Accounting Standards (SFFAS). The use of AVIC is not authorized after 30 Sep 03. DoD customers will not be charged more than direct costs, which have been redefined for users of Test Centers. However, non-DoD government and commercial customers may still be charged appropriate indirect costs. Within this instruction, where originally the word “Commander” was used when referring to the Commander of a field unit, the words “Commander/Civilian Director” has been substituted.

Chapter 1— REIMBURSEMENT CONCEPTS AND TERMINOLOGY	4
1.1. Terms Explained.	4
Table 1.1. OSD-Designated Major Range and Test Facility Base.	5
Table 1.2. AFMC T&E Activities.	8
Chapter 2— BUDGETING AND FUNDING FOR T&E AT MAJOR RANGE AND TEST FACILITY BASES (MRTFB)	12
2.1. Funding Guidance for T&E.	12
2.2. Reimbursement Guidance for Direct Costs.	14
2.3. Indirect Costs Not Reimbursable by DoD Users.	15
2.4. Capital Test Investments.	16
2.5. Division of Responsibility.	17
2.6. Document Procedures.	18
Chapter 3— BUDGETING AND FUNDING FOR LABORATORY SUPPORT	21
3.1. Application of Instruction.	21
3.2. Laboratory Costs.	21
3.3. Funding Guidance.	21
3.4. Areas of Responsibility.	24
3.5. Funding Procedures.	25
3.6. Program Management Interface.	28
3.7. Prescribed IMT. AFMC IMT 277.	28
Attachment 1— LABORATORY REIMBURSEMENT GUIDE MATRIX	29
Attachment 2— AFRL OFFICE ADDRESS LIST FOR FUNDING DOCUMENTS	32
Attachment 3— PUBLIC LAW 103-160, SECTION 846	33

AFMCI65-602 21 FEBRUARY 2006	3
Attachment 4— TEST CENTER REIMBURSEMENT GUIDANCE MATRIX.	34
Attachment 5— REIMBURSABLE CODE TABLE BY CUSTOMER	36
Attachment 6— INSTRUCTIONS FOR COMPLETING AFMC IMT 277	38

Chapter 1

REIMBURSEMENT CONCEPTS AND TERMINOLOGY

1.1. Terms Explained.

1.1.1. Basket Program Elements. Program elements consisting of partially or totally independent projects.

1.1.2. Final Cost Objective.

1.1.2.1. For R&D Activities. The estimated cost of a reimbursable order at a technical directorate, based on acceptance of a funded order to support a customer program, project, task, or work unit.

1.1.2.2. For T&E Activities.

1.1.2.2.1. A job order set up at a T&E activity to account for support of a customer or in-house program, project, task, or work unit.

1.1.2.2.2. A specific test facility, such as a sled track, instrumentation site, test and support aircraft, climatic hangar, or wind tunnel, for which the direct cost will be prorated to job orders (T&E programs, basket program elements, projects, tasks, or work units) in a product service/standard rate.

1.1.3. Fixed Price. A price agreed on by the ordering and federal government performing activities, based on historical cost or other acceptable data. The Job Order Cost Accounting System (JOCAS II) or other HQ AFMC/FM-approved cost accounting system must be used to track actual costs.

1.1.4. Institutional Funding: AFRL or T&E operating costs funded with direct budget authority (DBA) (i.e., laboratory 06XX Management and Support (M&S) Program) which are not directly identifiable to a customer program (i.e., indirect costs).

1.1.5. OSD-Designated MRTFB. The T&E activities are in Figure 1.1.

Table 1.1. OSD-Designated Major Range and Test Facility Base.

<p><u>Army Activities</u></p> <p>White Sands Missile Range (WSMR) Electronic Proving Ground (EPG) High Energy Laser Systems Test Facility (HELSTF) Yuma Proving Ground (YPG) Dugway Proving Ground (DPG) Aberdeen Test Center (ATC)</p> <p><u>Navy Activities</u></p> <p>Naval Air Warfare Center - Weapons Division, Point Mugu Naval Air Warfare Center - Weapons Division, China Lake Naval Air Warfare Center - Aircraft Division, Patuxent River Atlantic Undersea Test and Evaluation Center (AUTEK) Pacific Missile Range Facility (PMRF)</p> <p><u>Air Force Activities</u></p> <p>45th Space Wing 30th Space Wing Air Armament Center, 46th Test Wing (Eglin Air Force Base), including 46th Test Group (New Mexico) Nevada Test and Training Range (NTTR) Utah Test and Training Range (UTTR) Arnold Engineering Development Center (AEDC) Air Force Flight Test Center (AFFTC)</p> <p><u>Defense-Wide Activities</u></p> <p>Joint Interoperability Test Command (JITC)</p>

1.1.6. Product/Service/Standard Rates. Computed cost rates that are established for products and services and used to determine charges to a job order. Product service/standard rates, by definition, are costs prorated across the final cost objectives to which they are applied. They are average costs that can be used in estimating and charging. Use of these rates is encouraged. For these rates to be used, follow specific guidance in DoD 7000.14-R, Vol 4, *Department of Defense Financial Management Regulation (Accounting Policy and Procedures)*, Chapter 20 and AFMC direction as follows:

1.1.6.1. Either historical data or engineering studies, from which rates can be developed, must be available and included for estimating future inflation.

1.1.6.2. The activity must review and validate all product service rates at least quarterly, and update if rates vary from actual costs by plus or minus 5 percent. At the end of the fiscal year, if these material variances (plus or minus 5 percent) between the product service rate and actual costs still exists, variances will be distributed to each customer via adjusted billings to either recoup the shortfall or refund the excess to customers.

1.1.6.3. The rates must be applicable to the product or service. Product and service costs that drastically change or volume that cannot be easily identified will not be considered for rate computation.

1.1.6.4. The JOCAS II or other HQ AFMC/FM approved cost accounting system must be used to support the creation or validation of the product service rates, unless Air Force-wide rates are used.

1.1.6.5. Procedures on how the rates are computed, validated, and updated, including application of future inflation, must be published. Procedures should include the use of production and facility capacity in rate development and include engineering studies as a means to develop and validate rates when studies are more cost effective or more reliable than historical data. The procedures must allow for an audit trail and must be applied uniformly and consistently. A rate that cannot be validated within plus or minus 5 percent should not be used. Update if rates vary from actual costs by plus or minus 5 percent after each quarterly review. The locally documented procedures should also include the methodology for charging and refunding customer variances between product service/standard rates and actual costs at fiscal year end. If a rate cannot be validated in subsequent years, that rate will be discontinued and actual cost will be used.

1.1.7. RDT&E Management & Support (M&S) Program. M&S programs provide for the operation and maintenance (O&M) of R&D facilities (including AFRL/test centers) and RDT&E work at Air Force facilities. These programs are funded by an 06XX project within a 6.1 or 6.2 Research category. General policies and procedures that apply to these programs are in AFI 65-601, Vol 1, Chapters 4 and 10. M&S programs are sometimes called RDT&E O&M-type projects. In AFRL, an R&D category 6.2 PE may have both mission projects and an M&S project; for example, mission project 4506 and M&S project 06RA are in PE 62702F (AFI 65-601, Vol 1, para 13.1).

1.1.8. RDT&E Mission Program. Consists of all RDT&E work done under contract with private industry, educational institutions, Federally Funded Research and Development Centers (FFRDC), other government agencies, or accomplished in-house. (Excludes the technical directorates 06XX project funding.) RDT&E mission programs are investment type programs that improve the Air Force overall mission capability rather than the daily O&M of installations and facilities (AFI 65-601, Vol 1, para 13.1).

1.1.9. Reimbursable Order. Reimbursable orders must be supported by valid obligation of customer funds or advance deposit of cash from nongovernmental customers. A timely acceptance of the essential terms must occur for a binding agreement. The customer who posts the obligation is responsible for insuring an agreement was reached before the funds expired. Four forms commonly used for reimbursable orders include the following:

1.1.9.1. AF IMT 185, **Project Order**. Project orders may be used for contractual services, travel, equipment or other miscellaneous requirements when these costs are incidental to the overall

project order effort (DoD 7000.14-R, Vol 11A, Chapter 2, Project Orders). Authority for project orders is in Title 41 United States Code (USC) 23.

1.1.9.2. AF IMT 406, **Miscellaneous Obligation Reimbursement Document**. A MORD is a temporary obligating document or, in rare cases, a document in lieu of an actual obligating document. It is used to temporarily record known obligations when the required documents to support the obligation transactions are not immediately available. The funding activity has the responsibility to provide sufficient information in the description to enable financial management to determine the validity of the obligation and that the amount is reasonable. Estimated amounts may be recorded on the MORD provided the estimate is changed to the actual amount at the end of the month or when the actual amount becomes known (General Accounting Office (GAO) Policy and Procedures Manual, Title 7, paragraph 16.1). The standards for the proper recording of obligations are found in 31 USC 1501. The primary purpose of this law is to ensure that only those transactions that meet specified standards for legitimate obligations are recorded.

1.1.9.3. DD Form 448, **Military InterDepartmental Purchase Request (MIPR)**. Reimbursable MIPRs are normally for in-house support services; for instance, an agreement between a host and tenant organization. All MIPRs must quote the statutory authority that applies to the purchase on the face of the MIPR. Either the acquisition is authorized by a specific authority that stands alone or it falls under the authority of the Economy Act. Guidance is provided in Federal Acquisition Regulation (FAR) 17.5; DFARS 217.500-504; and DoD 7000.14-R, Vol 11A, Ch 3. Economy Act Authority is in 31 USC 1535. When reimbursable MIPRs commit funds in support of orders to be placed with an agency outside the DoD, and a specific statute other than 31 U.S.C. 1535 (The Economy Act) is cited as the basis for the order, extra precautions are required. Evidence of a pre-existing written service agreement, i.e., a memorandum of agreement (MOA), memorandum of understanding (MOU), or Universal Order Format, citing the authority for acceptance of the order should accompany the MIPR. See DoD 7000.14-R, Vol 11A, Ch 1, General Reimbursement Procedures and Supporting Documentation, March 1, 1997, paragraph 010204. Documentation Standards. A signed determination of superior capability must be made by the responsible Services Designated Official (AFFARS 5337.503-90) if the order is to be performed principally through the award of contract or delivery order to a third party,

1.1.9.4. AFMC IMT 277, **Reimbursable Order**. This form is used as a project order (in lieu of the AF IMT 185) if the program manager is assigned within the supporting research site/technology directorate.

1.1.9.5. Cooperative Research and Development Agreements (CRADA). Directives include DoD Directive 5535.3; AFPD 61-3; and AFI 61-301. Authority is supported under 15 USC 3701 and 15 USC 3710a.

1.1.10. Test Center/AFRL Technical Directorates Deferrals. Deferrals represent unfunded amounts due the test centers and AFRL technical directorates (TD) for work accomplished based on reimbursable orders. Test centers and AFRL TDs should have established procedures to:

1.1.10.1. Obtain the activity commander/civilian director's written approval to start or continue work prior to receiving funding documents.

1.1.10.2. Track the deferrals or stop work when the test center or TD does not receive funding documents.

1.1.10.3. Inform customers in advance that work will exceed the amount previously funded by them.

1.1.10.4. Collect funding from customers for all unfunded work. Customers are billed upon receipt of funding for unfunded work accomplished based on reimbursable orders.

1.1.10.5. Accomplish a review of deferred unfunded projects three times yearly, at the same time as the tri-annual certification review of commitments, obligations, unliquidated obligations and expenditures occurs.

1.1.11. Termination Costs. Costs incurred by a Technical Directorate or T&E activity that are chargeable to the customer/user program if the requirement is terminated. These are costs incurred after acceptance of the project order or reimbursable order, including preparation for test /effort. Costs of customer/user caused cancellations, aborts or rescheduling will be included in the termination costs.

1.1.12. T&E. AFI 99-101, *Developmental Test and Evaluation*, defines T&E.

Table 1.2. AFMC T&E Activities.

AAC Eglin AFB FL 32542 –5000 (Send funding documents to AAC/FMB)
AEDC Arnold AFB TN 37389 –500 0 (Send funding documents to AEDC/FMB)
AFFTC Edwards AFB CA 93523 –5000 (Send funding documents to AFFTC/FMAP)
388th Fighter Wing Hill AFB UT 84056-5000 (Send funding documents to AFFTC/FMB)
46th Test Group Holloman AFB NM 88330-5000 (Send funding documents to 46 TG/XPF).

1.1.13. Total Operating Program. Consists of the institutionally funded portion (DBA) of the activity and the amount reimbursed (reimbursable budget authority (RBA)) from the user funds.

1.1.14. Types of Cost.

1.1.14.1. Direct Costs. Expenses that can reasonably, economically, and consistently be identified immediately and directly to a customer (user) program, project or a final cost objective and that are documented on a job order. "Immediately" and "directly" mean at the time the expense is incurred; for example, when direct labor expense is incurred or when TDY orders are processed. Direct costs may derive from contractor support or work done in-house. R&D costs initially

incurred in the Technical Directorates' operating programs will be reimbursed by the customer programs. T&E direct costs are limited to those costs funded from a T&E (test center) activity's operating program. For MRTFBs, see paragraph 2.2. for determining direct costs at test centers. Direct costs that support a customer program, project, task, or work unit include, but are not limited to, the following (which are consistent with AFI 65-601, Vol 1, chap 7, section I): Exception: MRTFB installations should use paragraph 2.2. for determining direct costs at test centers.

1.1.14.1.1. Military labor costed at standard rates and accelerated for leave, holiday and other personnel cost factors. (NOTE: Military labor is not reimbursable from DoD customers/users and a specific category of FMS customers for materials, services and training, based on Sec 21 of the Arms Export Control Act and DoD 7000.14-R, Vol 15, *Department of Defense Financial Management Regulation (Security Assistance Policy and Procedures)*, para 070104.)

1.1.14.1.2. Civilian Labor. The hourly rate for regular hours, including an acceleration factor (i.e. Civilian Benefit Acceleration Rate (CBAR)) for related personnel benefits such as Federal Insurance Contribution Act (FICA), thrift savings plans, retirement, life insurance, health benefits, earned leave, and holidays. Overtime, holiday pay, and night differential are figured at the normally authorized rates, without an acceleration factor. Civilian Personnel Fringe Benefit Rates (http://www.dod.mil/comptroller/rates/fy2006/2006_d.pdf) are also used in conjunction with a leave and holiday factor of 18% to develop the CBAR.

1.1.14.1.3. Material (including bench stock, less any credit allowed for exchangeable items returned).

1.1.14.1.4. Equipment, and its maintenance and repair due to usage. Operating costs of equipment dedicated full-time to a customer program, project, task, or work unit. Costs are determined either through the use of product service/standard rates for prorating to all users or through actual accounting procedures. Non-dedicated equipment used in direct support of a customer program will be charged based on an hourly standard rate.

1.1.14.1.5. Miscellaneous contractual services, including T&E activity O&M contractual services.

1.1.14.1.6. Printing, photos, and reproduction.

1.1.14.1.7. Proficiency training for a specific customer/user program, project, task, or work unit requirement.

1.1.14.1.8. Travel and per diem to support specific user programs, project, task, or work unit.

1.1.14.1.9. Transportation cost of supplies and equipment or other materiel identified as direct costs.

1.1.14.1.10. Technical support equipment and instrumentation required for a particular user or program, and its installation, maintenance, and removal (if required).

1.1.14.1.11. Civil engineering work requirements for a customer. Includes test facility configuration changes and reconfiguration to return the facility to its original condition.

1.1.14.1.12. Facility O&M when the facility is dedicated to a specific user.

1.1.14.1.13. Real property leases dedicated to a customer program.

1.1.14.1.14. Automated data processing equipment (ADPE) support, including prorated rental and maintenance charges, billed to laboratory or test center customers through product service/standard rates.

1.1.14.1.15. Any charges to a laboratory facility or T&E activity for support provided by another organization and directly identifiable to a customer program.

1.1.14.1.16. Permission and postmission checkout and calibration when identified for a specific customer.

1.1.14.1.17. Project Management Planning for the customer program after the customer project order is received.

1.1.14.1.18. Utility costs for a customer program if determined by metering, engineering estimates, or use of a standard rate or price for a specific user project or task or other final cost objective. Fixed costs that reduce unit costs can be prorated across all users. (**NOTE:** Applicable only if the Technical Directorate or T&E activity must pay for utility costs from RDT&E funds.)

1.1.14.1.19. Contract administration services as defined in Federal Acquisition Regulation (FAR) 42-302. These are reimbursable only by non-DoD customers. (NASA will be charged at the hourly rate established by DoD according to the DoD/NASA Agreement on Contract Administration and Related Services.)

1.1.14.2. Indirect Costs. Items of cost which are 100 percent attributable to support a mission, but not directly supporting a specific internal project, including task, work unit, or customer effort (e.g., personnel costs above the first line of supervision). They do not produce the primary product or service and are within a direct reporting cost center, that cannot be identified specifically to a single final cost objective. They include institutionally funded operating costs for AFRL and test center operations not reimbursed under the direct cost funding guidance. For MRTFBs, see paragraph 2.3. for specific indirect costs at test centers. For AFRL, these costs are programmed and budgeted in the mission BPACs. Indirect costs normally include but are not limited to the following. Exception: MRTFB installations should use paragraph 2.3. for determining indirect costs at test centers.

1.1.14.2.1. Labor costs of supervisors, administrative personnel, and support personnel not directly identifiable to a specific customer program; time spent in general proficiency training schools; maintenance; and testing equipment and facilities to keep them in a ready-to-use status.

1.1.14.2.2. Material such as administrative supplies and supplies for maintaining laboratory equipment.

1.1.14.2.3. Maintenance by contract of general use equipment.

1.1.14.2.4. Equipment purchased to maintain a level of effort at a technical directorate or test center. Maintenance costs of test support aircraft and ground support equipment to include a pro rata share of depot maintenance and depot level reparable (DLR).

1.1.14.2.5. Miscellaneous contractual services not directly identifiable to a customer program.

1.1.14.2.6. Training of Government employees in order to gain a level of skill not required for a specific customer.

1.1.14.2.7. TDY travel for supervisory, staff, or administrative duties.

1.1.14.2.8. Transporting supplies and equipment that are not charged as direct cost.

1.1.14.2.9. Utilities (if funded by AFRL or test center RDT&E) that cannot be directly identified to a customer or final cost objective.

1.1.14.2.10. Rental and maintenance charges for ADPE that is not identifiable to a customer program.

1.1.14.2.11. Maintaining the operational capability of significant test equipment and facilities such as centrifuges and noise measurement chambers.

1.1.14.2.12. Operating or using administrative motor vehicles to maintain a basic level of capability.

1.1.14.2.13. Planning costs, involving management and technical consultation functions, for a laboratory's or test center's basic mission.

1.1.14.2.14. Communications equipment, and its installation and maintenance, for the normal operation of a technical directorate or test center.

1.1.14.2.15. Warm-up, setup, and shutdown time when multiple users are involved or when not directly identifiable to a customer or final cost objective.

1.1.14.2.16. Other elements of cost, not identified above, that cannot be immediately and directly identified to a customer or final cost objective.

1.1.14.3. General and Administrative (G&A) Overhead Costs. Costs that are less than 100 percent attributable to a specific mission and are therefore allocated to all functions/outputs. They support or assist the overall facility as a whole such as housekeeping, operation and maintenance, contract maintenance, miscellaneous contractual services and general support. For AFRL, cost includes headquarters operating support (civilian pay, TDY, supplies, training and facility maintenance).

1.1.15. Disposition of Excess Earnings. Reimbursable collections received in excess of reimbursable obligations are normally returned to the customer (see para 1.1.6.2.). These returns are called refunds. However, if there are any excess funds received and not returned to the customer, excess collections should be deposited to a Treasury miscellaneous receipt account (DFAS-DE 7010.1-R, *General Accounting and Finance Systems at Base Level*). Refunds should be credited to the same appropriation or fund account to which the previously related expenditure was recorded (AFI 65-601, para 5.11). Excess earning must not be used to finance unfunded institutional (DBA) requirements.

Chapter 2

BUDGETING AND FUNDING FOR T&E AT MAJOR RANGE AND TEST FACILITY BASES (MRTFB)

2.1. Funding Guidance for T&E.

2.1.1. T&E activities will be financed on a total operating program basis. Direct costs of T&E support provided to users will be funded by the program or project requiring the support and will become a reimbursement to the performing T&E activity. Other operating costs, including indirect costs at T&E activities, will be institutionally funded or customer-funded depending who the requiring activity is (para 2.1.3.). RBA for T&E is available for use only to the extent that reimbursable orders are received, according to DFAS-DE 7200.1-R, *Administrative Control of Appropriations*. Normally, reimbursements realized may not include filled orders (earned) in excess of or in the absence of valid orders received, except as explained in AFMCI 65-603, *Official Representation Funds-Guidance and Procedures*. In an emergency for federal government customers only, the performing activity commander/civilian director (or the comptroller or comparable official, as delegated) may approve starting work in the absence of an order, or continuing work in excess of customer funds, by establishing an AF IMT 406, Miscellaneous Obligation Document (MORD), using the DFAS-DE procedures outlined in sub-paragraphs 2.1.2.1. through 2.1.2.6. Justification for extending a MORD must be documented in writing and approved by the commander/civilian director or comptroller. Costs exceeding reimbursable orders will be recorded in RBA funds but will not be billed pending an increase in the order. If the order has not been increased sufficiently to cover documented costs, the excess reimbursable amount will be charged to the T&E activity's DBA according to AFMCI 65-603.

2.1.2. The reimbursable order must be a valid obligation of the customer. T&E activities do not have to determine that the customer actually recorded an obligation, but there must be a reasonable assurance that a valid customer obligation exists to pay the bill when the order is filled. When it is physically impossible for the customer to provide the completed (signed) order to the performing T&E activity to support a test on the first day of the fiscal year, if required (para 2.6.2.1.), or on the start date for the services if during the fiscal year, the T&E activity may use a MORD, to record the reimbursable order information as received by telephone, electrically transmitted message, and so on. In order to support the entry on MORD until the T&E activity receives the formal reimbursable order, both the T&E activity and the customer must document the action taken, the date, the amount involved, the reimbursable order number, and the name of the authorizing official. DFAS has issued guidelines for using MORDs to record obligations and reimbursements by all activities serviced by DFAS-DE consolidated operations. The DFAS procedures include the following:

2.1.2.1. MORDs received must be supported by official documentary evidence, such as project orders, MIPRs, or contract documents. Those with insufficient data will be returned without action.

2.1.2.2. MORD numbers will be recorded and tracked on official obligation and reimbursement documents.

2.1.2.3. All FMs will establish internal procedures to monitor use of MORDs for recording of obligations and reimbursements and to correct transactions not properly prepared.

- 2.1.2.4. Each MORD will be tracked until official documents are received or the MORD is canceled.
- 2.1.2.5. Except for recurring monthly expenses, all comptrollers will be notified in writing if official obligating documents are not received within 60 days of recording the MORD.
- 2.1.2.6. MORDs will be canceled within 90 days unless the delay in getting the documents is justified in writing and the expected date of receipt is provided.
- 2.1.3. The comptroller of the T&E performing activity will determine the method of reimbursement: fixed price or cost incurred (DoD 7000.14-R, Vol 11A, Chapter 2, Project Orders, discusses this subject).
- 2.1.3.1. Non-DoD federal agencies are normally billed direct costs, including military labor, plus indirect costs including management and other costs (overhead), excluding depreciation, military retirement and the unfunded portion of civilian retirement. MRTFB commander/civilian directors shall charge an appropriate amount of indirect costs. Any indirect costs incurred, but not customer billed shall be billed the activity's institutional funds.
- 2.1.3.2. Commercial users will be billed for all direct costs that are associated with the T&E activities conducted by the commercial entity (see [Attachment 3](#)). In addition, 10 U.S.C. 2681 allows the contract to include a provision that requires the commercial entity to reimburse for such indirect costs related to the use of the installation as the Secretary of Defense considers to be appropriate. The charges to commercial customers are to be at least as large as the marginal (additive) cost of providing the service. The commander/civilian directors of the Air Force major range and test facility bases have been delegated the authority from Secretary of the Air Force to enter into a commercial contract under 10 U.S.C. 2681 with a domestic concern and determine the amount of indirect costs to charge and include in such a contract provision. Neither military retirement, unfunded civilian retirement, asset capitalization, nor depreciation shall be charged to the commercial customer. However, there are three exceptions to using the authority under 10 U.S.C. 2681: (1) Commercial space launch activity at the 30th and 45th Space Wings will be priced under provisions of the Commercial Launch Act of 1984 (amended in 1988 and 1991); (2) when the use of a T&E Activity has been included in a contractual agreement with a commercial user as government-furnished services, the commercial user will be charged based on the category of the contractual federal agency executing the contract (DoD 7000.14-R, Vol 11A, paragraph 120203B.5.); and (3) foreign governments will be billed full cost, unless a government agreement is in force (treaty, foreign military sales (FMS) agreement, or other negotiated agreement) that provides otherwise (also see para 1.1.16.1.1). Under exception 2, the commercial customer must provide the performing agency with the DoD contract number and full text of the requirement paragraph to justify the sponsored customer receiving a preferential DoD based rate. See FAR 45.302-4. Reimbursable orders will indicate if the test effort is in support of FMS (para [2.6.2.2.](#)). Commercial users will meet the requirements of AFI 99-102. In some cases, AFI 61-301, *The Domestic Technology Transfer Process and the Offices of Research and Technology Application*, may apply. Nonfederal agencies, excluding commercial users, will be billed for full costs. DoD 7000.14-R, Vol 11A, Chapter 4 gives guidance on pricing of services provided to nonfederal customers. FMS customers are covered in DoD 7000.14-R, Vol 15, Chapter 7.
- 2.1.4. Organizational channels for requirements and reimbursements between organizations (responsible test organizations (RTO), participating test organizations (PTO), and other test support organiza-

tions) and customers will be determined during program planning and included in the program management plan (PMP). This will include customer responsibility for funding. Each test organization will be responsible for planning, programming, and funding all test support, including support required of other organizations. All organizational relationships will be shown in the test management plan, PMP, or equivalent document. AFI 99-103 describes RTO and PTO responsibilities.

2.1.5. As a rule, users will be billed for costs related to aborts and cancellations. The liability usually will not exceed the direct costs incurred, except for those facilities scheduled in advance for a specific period. In this case, liability may also include lost reimbursements, unless the T&E activity is able to schedule a substitute workload.

2.1.6. Reimbursable orders issued by DoD customers on a fixed price basis will cover only current fiscal year requirements and will provide funding for all effort required during the fiscal year. For actual cost agreements, full funding from all customers is required for the fiscal year effort except during periods of continuing resolution authority when incrementally funded orders are permitted. Reimbursable work will not be started until an order is received or known to exist (para 2.1.2.). Emergency or quick response T&E support may be provided in the absence of an order; when approved by the T&E activity commander/civilian director or comptroller (para 2.1.1., also see AFMCI 65-603 for a discussion of appropriation reimbursements). When emergency or quick response support is approved, an AF IMT 406 will be prepared based on the information that prompted the approval. AF IMT 406 will include the amount of effort approved and will be used to support the recording of an unfilled customer order in the accounting records pending receipt of the actual order. Orders received from state and local governments, foreign governments, corporations, or individuals are recognized only when cash has been received and deposited in the US Treasury, unless this requirement is specifically waived by HQ AFMC/FMF.

2.1.7. Prestatement of capability (pre-SOC) direct costs may be reimbursed. Costs for management and technical consulting, however will be funded institutionally. Test centers should carefully evaluate support provided to differentiate reimbursable pre-SOC from nonreimbursable consulting costs. Users must be informed in advance when pre-SOC costs will require reimbursement. Test center commander/civilian directors are encouraged to make judicious use of the \$5,000 waiver authority. Rough estimates needed by users for planning purposes should be limited. Rough estimates should be funded institutionally by the test organization.

2.1.8. Each program manager is responsible for programming and funding those capital investments in test capability that are unique to that manager's program. Issues in this area will be resolved according to para 2.4.

2.2. Reimbursement Guidance for Direct Costs. Direct costs are subject to reimbursement according to the T&E direct cost funding guidance. As a result of Section 232, Objective for Institutional Funding of Test and Evaluation Facilities, of the FY03 National Defense Authorization Act (NDAA) (P.L. 107-314), the institutional and overhead costs of a military department or Defense Agency within the Major Range and Test Facility (MRTFB) will be fully funded starting in FY06. Therefore, the charge to a DoD organization using MRTFB equates only to the direct costs. HQ USAF/TE Memo, 23 Sep 05, provided guidance for the Air Force implementation of the new MRTFB charging policy required by the FY03 NDAA. This guidance defines what types of costs that are included in direct costs, which are reimbursable by DoD organizations. They are listed below. This guidance also defined indirect costs which are listed in para-

graph 2.3. and are non-reimbursable by DoD organizations. According to this guidance, DoD customers will not be charged more than the following direct costs:

- 2.2.1. Costs which are directly attributable to the use of the facility or resource for testing under a particular program over and above institutional and overhead costs with respect to the facility or resource.
- 2.2.2. Costs supporting a single customer are direct costs.
- 2.2.3. Costs supporting multiple customers that are direct costs include:
 - 2.2.3.1. Civilian labor that is project specific.
 - 2.2.3.2. Contractor labor for total cost of fixed price/fixed schedule contracts for specific customers and project specific miscellaneous contracts.
 - 2.2.3.3. Project specific TDY.
 - 2.2.3.4. Project specific training.
 - 2.2.3.5. Consumables such as aviation fuel, supplies, film and materials.
 - 2.2.3.6. Customer specific equipment including maintenance.
 - 2.2.3.7. Utilities that can be attributed to a customer.
 - 2.2.3.8. Other range support – secondary effort such as MRTFB to MRTFB transfers.
 - 2.2.3.9. Above standard institutional support.
 - 2.2.3.10. Damage caused by a test article or customer.
- 2.2.4. Investment costs and the O&M support for a capability or capacity unique to a customer's test are direct costs.
- 2.2.5. The costs to revitalize an existing capability for a particular customer are direct costs.
- 2.2.6. The cost to remove and return a capability to storage status when the usage can be attributed to a specific customer is a direct cost.
- 2.2.7. Contract support costs (including contract G&A, award and incentive fees) attributable to a customer that are incurred in preparing for, conducting and recovering from a specific program are direct costs.
- 2.2.8. Since the FY03 NDAA does not affect the charging policy for commercial and non-DoD customers of the MRTFB, these customers will continue to be charged up to the full cost, as determined appropriate by the DoD Financial Management Regulation (FMR) and the MRTFB commander/civilian director. Agreements with non-DoD customers to charge at DoD rates should be reviewed to determine the intent of the agreements (i.e. DoD sponsored test). The purpose of this review is to assure that equitable costs are passed on to the sponsored customer based on the original negotiated terms. If written agreements contain wording that infers the parties will be charged the same rates as received by DoD customers, further evaluation of the terms of the agreement by the MRTFB legal staff is required.

2.3. Indirect Costs Not Reimbursable by DoD Users. Indirect costs are not reimbursable by DoD customers per the FY03 NDAA, starting in FY06. These costs include institutional and overhead costs and

must be funded through DBA. This list contains the most recent indirect costs cited in HQ USAF/TE memo, 23 Sep 05. For additional information, see DOD 7000.14-R, Vol 11A, Chapter 12, paragraph 120203B.1.a(2).

2.3.1. Indirect cost supporting multiple customers includes:

2.3.1.1. Civilian labor non-project specific.

2.3.1.2. Civilian PCS.

2.3.1.3. Contractor labor that is non-project specific and miscellaneous contract services that are non-project specific.

2.3.1.4. Non-project specific TDY.

2.3.1.5. GSA vehicle and fuel.

2.3.1.6. Standard Base Operating Support (BOS) utilities, custodial and grounds maintenance.

2.3.1.7. Equipment, facility, plant maintenance, restoration, modernization and sustainment.

2.3.1.8. Operations and maintenance of utilities infrastructure not attributable to a specific customer.

2.3.1.9. Non-projects specific supplies.

2.3.1.10. Test and test support aircraft costs (except fuel), includes Depot Level Repairables (DLRs) and Programmed Depot Maintenance (PDMs).

2.3.1.11. Non-project specific training.

2.3.2. The cost of maintaining, operating, upgrading or modernizing an MRTFB facility or resource are institutional and overhead costs that are planned and programmed to sustain sufficient capability and capacity to support known requirements. Un-programmed requirements, which drive additional maintaining, operating, upgrading or modernizing costs and which cannot be resolved between the MRTFB activity, customer and MAJCOM, will be referred through channels to the Air Force Corporate Structure for resolution.

2.3.3. O&M support for a capability or capacity that will become part of the MRTFB's infrastructure and support multiple customers are institutional and overhead and should be programmed in the MAJCOM's POM submission.

2.3.4. MRTFBs are required to track indirect customer costs through FY08. Periodic meetings will be held during and after the implementation of the new charging rules. It will be determined in the meeting when tracking indirect costs are no longer required.

2.3.5. Contract support costs (including contract G&A and incentive fees) **not** attributable to a specific customer that are incurred in preparing for, conducting, and recovering from several programs are indirect costs.

2.4. Capital Test Investments.

2.4.1. Capital test investments include but are not limited to the following:

2.4.1.1. Instrumentation (both internal to weapon systems and ground support).

2.4.1.2. Aerospace vehicles and test beds and their support facilities.

2.4.1.3. Nonexpendable space, airborne, mobile, and static targets.

2.4.1.4. ADPE used primarily to support test or test data processing or used in command and control of instrumentation and other test resources.

2.4.1.5. Communications-electronics that support tests.

2.4.1.6. Electronic warfare simulators and computer simulations and models.

2.4.1.7. Ranges (such as gunnery and munitions).

2.4.1.8. Laboratory equipment for test support.

2.4.1.9. Shop equipment for test support.

2.4.1.10. Facilities supporting a technical test mission, including integration facilities and shops.

2.4.2. All AFMC totally or partially sponsored capital test investments will, to the maximum extent practicable, be sited at AFMC facilities rather than contractor or other DoD locations. All exemptions will be approved through AFMC corporate review. All proposed capital test investments, regardless of siting or funding status, must be identified in the annual AFMC Test Investment Planning Programming Process.

2.4.3. Program managers will program and budget for those capital test investments determined to be unique to their programs' requirements. T&E activities will program and budget for general test investments (those necessary to support a wide range of programs). Program managers, T&E activity planners, and test centers of expertise will work together to identify valid requirements and reach agreement on programming responsibilities with sufficient lead time so responsibilities can be included in field POM submittals. When they cannot reach agreement, those issues will be elevated through the AFMC corporate review process, with sufficient lead time to allow for corporate resolution and to allow resolved issues to be included in field POM submittals. Corporate test investment decisions will be included in the program baseline.

2.5. Division of Responsibility.

2.5.1. HQ AFMC will:

2.5.1.1. Establish guidance for defining direct and indirect costs and resolve questions on definitions of direct and indirect costs.

2.5.1.2. Give guidance on interservice policies and procedures that affect T&E support.

2.5.1.3. Issue instructions for programming and budgeting for T&E.

2.5.1.4. Set up procedures to ensure effective control, management, and reporting of T&E funds by T&E activities and by program and project managers who require T&E support.

2.5.1.5. Issue budget authorizations and operating budget authority to T&E activities and adjust them as necessary. RBA will be loaded based on T&E activities' projected requirements. RBA will be available for funded orders and MORDs (para [2.1.2.](#)).

2.5.1.6. Periodically adjust approved operating programs of T&E activities, consistent with current or budget year funding actions affecting the requirements of programs and projects scheduled for support.

2.5.1.7. Maintain accounting policies and procedures for recording T&E support costs and reimbursements due from users of T&E activities.

2.5.1.8. Monitor a JOCAS II operated for MRTFB activities that provides internal reporting for managing and a system for determining the cost of products and services.

2.5.2. Program and project managers who require T&E support will:

2.5.2.1. Identify requirements to the T&E activities that support their programs and projects. Include source of requirement (DoD, other federal agency, or nonfederal and commercial organization).

2.5.2.2. Program and budget for funding of estimated direct costs of T&E.

2.5.2.3. Issue reimbursable orders to the T&E performing activity, consistent with current program direction, fund availability, and test support requirements. Reimbursement orders will cover only current fiscal year requirements and will provide funding for all effort required during the fiscal year. **Table 1.2.** shows the AFMC T&E activity addresses for receipt of reimbursable orders.

2.5.2.4. Promptly inform T&E activities of all changes to planned T&E support requirements. Provide an amended program introduction document (PID) when significant changes occur or when enough minor changes accumulate to be a significant departure in scope or phasing from the current SOC.

2.5.2.5. Promptly prepare amendments for actual cost reimbursable orders to cover changes in costs or to close out completed orders.

2.5.3. AFMC T&E activities designated as RTO for programs and projects providing test support to program and project managers as follows (this includes arranging for and funding secondary support from PTOs) will:

2.5.3.1. Give estimates of costs of T&E support promptly to program and project managers in response to identified requirements, including new and amended PIDs.

2.5.3.2. Negotiate written agreements with program and project managers on service to be performed and estimated funding required by fiscal year for T&E support.

2.5.3.3. Budget for institutionally funded costs (DBA) and anticipated reimbursements (RBA).

2.5.3.4. Provide required T&E support on receipt of reimbursable orders. Support may continue at the beginning of a fiscal year for ongoing efforts when receipt of a funded reimbursable order is delayed due only to administrative lag time (para **2.1.2.**). However, the provisions of paragraph **2.1.2.** must be met.

2.5.3.5. Provide prompt information to program and project managers on schedule, cost, or capability changes.

2.5.3.6. Bill users at least monthly for actual costs incurred by the T&E activity identified in the JOCAS II or other HQ AFMC/FM approved cost accounting system. Bill fixed price orders within 30 days following acceptance of the order. If the customer wants additional detailed information on a routine basis, the need for the information will be made known and agreed to during the negotiating stages and any related costs may be charged as a direct reimbursable cost.

2.6. Document Procedures.

2.6.1. Preparing Required Documents. Initiate required documents any time during the year. Use, a PID, program requirements document (PRD), or SOC; memorandum of agreement (MOA) or memorandum of understanding (MOU); or DD Form 1144, **Support Agreement**, whichever is proper.

2.6.1.1. The PID or PRD introduces a program, mission, or test to the T&E activity. The PID or PRD must include enough information to permit the T&E activity to evaluate its ability to provide the required support and provide estimates of reimbursable cost and schedule of performance. Although the initial PID or PRD must be made early enough to permit an alignment of funds between the customer program or project managers and the T&E activities, this will not preclude further refinement and definition of the test requirements before a reimbursable order is issued and work begins.

2.6.1.2. In response to the PID or PRD, the T&E activity will prepare a SOC that describes the T&E activity's ability to provide the T&E support. The amount of detail required may vary but, as a minimum, the SOC must inform the program or project manager of the T&E activity's ability to provide the required support, tentative schedule of accomplishment, estimate of the cost by fiscal year, and statement whether the effort will be completed on a fixed price or actual cost basis. (See **paragraph 2.1.2.** for user charges.).

2.6.2. Issuing Reimbursable Orders.

2.6.2.1. Program and project offices of the ordering activities (implementing field activities) will issue reimbursable orders to the T&E activities, through their AFOs, for certification of fund availability, at least 30 days before planned tests start, except for those tests scheduled to start in October, in which case project orders are due 1 October. Amounts issued on reimbursable orders will be consistent with the previously negotiated cost for that fiscal year.

2.6.2.2. Separate reimbursable orders will be used for T&E support on individual FMS cases and will include the FMS case/line identifier. When AF IMT 185 is used, the FMS country code, master case, and line number will be shown in item 8 and the complete accounting classification for the FMS case will be shown in item 9. Although charges on a full-cost basis are normal, there are several situations that may apply to pricing and billing for FMS test support in which full cost would not be billed. When the work is performed in connection with an MOU under a participatory agreement or other documented special condition or arrangement, charges will be consistent with the provisions of the applicable agreements or documents. The basis for such special conditions are normally contained in such documents as the letter of offer and acceptance, the program management directive, or MOU. When these conditions exist, sufficient information must be provided on the reimbursable order by the ordering component (customer) to permit the performing T&E activity to understand and identify the cost elements that will not be charged.

2.6.3. Changing Costs or Canceling Reimbursable Orders. Changes in test costs after a reimbursable order is accepted will be negotiated in writing between the user and T&E activity. If the reimbursable order is canceled, the program or project manager must reimburse termination costs (paras **1.1.11.** and **2.1.5.**).

2.6.4. Procedures for Other DoD Services. When an Army or Navy activity provides support, AFMC program and project offices and T&E activities will comply with Army and Navy procedures for defining requirements and requesting estimates of direct T&E cost.

2.6.5. Administrative Responsibilities of T&E Activities.

- 2.6.5.1. Record reimbursable budget authorizations in accounting records as they are received. Accept only properly documented reimbursable orders. Set up reimbursable records according to DFAS-DE 7071.2-M.
- 2.6.5.2. When known, and consistent with the use of standard rates, cite RBA directly in commitment and obligation documents.
- 2.6.5.3. When ordering secondary T&E support from another activity, finance the cost of the support by issuing a reimbursable order citing the ordering activity's RBA (for FMS, cite the 4E obligation authority from the original tasking) to the supporting activity. Secondary costs incurred by the performing activity will be billed to the ordering T&E activity.
- 2.6.5.4. Bill users for reimbursable costs for T&E support. Use SF 1080, Voucher for Transfers Between Appropriations and/or Funds, to bill for fixed price agreements or costs recorded in the JOCAS II or other HQ AFMC/FM approved cost accounting system. For Air Force users, the T&E activity will complete and process billing and collection sections of SF 1080. Information provided to support actual cost billings will be limited to data readily available from cost accounting records. When requested on the reimbursable order, a copy of the billing document will be mailed to the program or project manager (customer).
- 2.6.5.5. Make sure reimbursable costs for T&E support are not incurred until reimbursable orders or other authorized funding documents are received or until there is reasonable assurance that a valid customer obligation exists. (See **paras 2.1.2.** and **2.1.6.** for exceptions.)
- 2.6.5.6. Promptly notify managers of programs and projects that are subject to rescheduling because of acceptance of higher priority effort. If work has not started on an accepted reimbursable order and the T&E activity cannot provide the required T&E support as scheduled for any valid reason not attributable to the program or project office, the user will be notified and given an opportunity to withdraw or amend the reimbursable order.
- 2.6.5.7. Initiate action to amend reimbursable orders with the ordering program or project office when cost of performance or schedule slippage indicates need to decrease or increase the ceiling amount or extend the performance period. Normally, take action before cost of performance has exceeded 75 percent of the current ceiling amount (DoD 7000.14-R, Vol 11A, Chapter2 provides guidance on reimbursable orders). Also, review each reimbursable order citing expiring year funds no later than 90 days prior to end of the fiscal year, and notify the ordering activity in writing if a funding adjustment is required prior to funds expiration.
- 2.6.5.8. Help close out completed reimbursable orders.

Chapter 3

BUDGETING AND FUNDING FOR LABORATORY SUPPORT

3.1. Application of Instruction. This instruction applies to the Air Force Research Laboratory (AFRL) technical directorates (TD) and to customers receiving services from AFRL. Customer activities include internal AFRL projects. This instruction is consistent with AFI 65-601, Vol 1, chap 7, section I.

3.2. Laboratory Costs. Work that can be identified to an R&D project will be funded by the R&D project, not by a management and support (M&S) program. In-house work, will be funded by a mission project rather than by the operating accounts, such as the 06XX projects of the TDs. Two types of in-house cost are routinely incurred in the AFRL:

3.2.1. One type of cost results from the basic decision to have the laboratory in existence. This is a common support cost, not directly identifiable to any one customer or program. There are two categories of this cost type: indirect and/or overhead costs for services funded institutionally; that will not be reimbursed from customer programs unless these costs are associated with internal Advanced Technology Development Programs, per AFI 65-601, Vol 2, Chap 7.50.3.1. If so associated, then nonmilitary overhead costs, in addition to direct and indirect costs will be charged to these programs.

3.2.2. The other type of cost is immediately and directly identifiable to a customer program. This is a direct cost that will be financed from the customer programs. (See [Figure A1.1., column 4.](#))

3.3. Funding Guidance.

3.3.1. AFRL operations will be financed on a total operating program basis. Costs incurred in support of customer programs will be identified in the AFRL reimbursable account (for example, budget program activity code (BPAC) 691999) and financed from customer program funds. (NOTE: An optional exception to the use of BPAC 691999 is that a laboratory's intramural mission programs may be direct cited for nonpersonnel costs. In general, indirect and overhead costs will be institutionally funded in the 6.2 program element. As an exception, AFRL TDs will charge to its internal Advanced Technology Development Programs nonmilitary overhead costs, in addition to direct and indirect cost. RBA is also provided but is available for use only to the extent that reimbursements are realized (DFAS-DE 7200.1-R). Reimbursements realized may not include filled orders (earned) in excess of or in the absence of a valid customer order received, except as in AFMCI 65-603. If earnings exceed the amount of funds provided by a customer order, the earned excess amount will not be billed against the order; the performing activity will request the customer order amended to increase the availability of funds. If the availability cannot be increased in accordance with AFMCI 65-603, para 1.18, the excess reimbursable amount will remain in /charged back to the DBA BPAC immediately (AFMCI 65-603, para 1.20). A reimbursable order must be a valid obligation on the customer records. TDs do not have to determine that the customer has recorded an obligation, but must be sure a valid customer obligation exists to pay the bill when the order is filled. Examples of valid reimbursable orders are project orders, military interdepartmental purchase requests (MIPR), and other orders for specific requirements. If the U.S. government customer cannot get the completed (signed) reimbursable order to the performing laboratory on the first day of the fiscal year, or the start date if during the fiscal year, the performing laboratory may fill out AF IMT 406 to record the customer order information from telephone or electronically transmitted message. The performing TD and customer must document the action taken; date; dollar amount; project order, MIPR or other document identification number; and

the name of the authorizing official. This information suffices until the performing laboratory gets the formal customer order. DFAS has issued guidelines for using MORDs to record obligations and reimbursements by all activities by DFAS-DE consolidated operations. The DFAS procedures are found in the earlier text, paragraph 2.1.2.1. through 2.1.2.6.

3.3.2. TDs will bill customer programs for reimbursable costs. Items billed and amounts charged will be consistent with attachment 1 DoD 7000.14-R, Vol 11A discusses pricing of services for nonfederal government customers. Foreign governments will normally be billed full costs unless an active government agreement to the contrary is in force (treaty, FMS agreement, or other negotiated agreement). Customer orders will indicate if the effort is in support of FMS (DoD 7000.14-R, Vol 15).

3.3.3. Customer requirements for AFRL support and estimates of amounts for reimbursements must be determined during the program formulation phase to permit inclusion of like amounts of DBA in the customer programs and RBA in AFRL operating programs for a given fiscal year. The estimate should include amounts for all estimated direct costs (including direct labor for personnel in support organizations) and the appropriate indirect and overhead rates.

3.3.4. Customer costs from aborts and cancellations will be negotiated between the performing laboratory and the customer. The cost will be that which is incurred by the performing AFRL technical directorate.

3.3.5. Project orders from AFMC activities will provide full funding for all effort required during the fiscal year, except during periods of continuing resolution authority when incrementally funded project orders are permitted. Reimbursable work will not be started until a funded order is received or known to exist. Emergency or quick-response support for government customers, however, may be provided when approved by the technology director. For non-federal customers, collection of charges and fees will be made in advance in all cases. (DoD 7000.14-R Vol 11A, Chapter 4)

3.3.6. Costs incurred by performing technical directorate for technical consultation during planning and before a customer order will not normally be charged/billed to a customer.

3.3.7. For project orders, AFRL is a separate organization or center.

3.3.8. Laboratory reimbursement policies and procedures are similar to those in **Chapter 2** for T&E centers and ranges. AFRL technology directors may, however, waive reimbursements from Air Force customers on a case-by-case basis. This waiver authority allows technology directorate directors not to charge up to \$20,000 for informal support, if they believe reimbursement is inconsistent with prudent business practices. Generally, informal support is effort a TD may quickly provide a customer who has not been able to program and budget for the requirement. Formal support is long-term, and has been programmed and budgeted for by the customer.

3.3.8.1. All nonmilitary support costs (direct, indirect, and overhead) of 6.1 and 6.3 programs will be reimbursed.

3.3.8.2. The 6.2 PEs will be used for institutional funding. At each TD, the 6.2 mission support project will be reimbursed for direct costs of support provided by the TD to all mission projects for which the TD is OPR. The waiver authority does not apply to mission program support activities within a TD. For outside customers, reimbursements will be made according to **Attachment 1**, unless the waiver authority is exercised. In addition, AFRL TDs will reallocate funds and charge to its internal Advanced Technology Development Programs nonmilitary overhead costs, in addition to direct and indirect costs, related to the programs.

3.3.8.3. Between TDs, the supporting (performing) TD may waive collection for direct costs, incurred in support of a customer technology directorate program, at the discretion of the supporting technology director consistent with prudent business practices.

3.3.8.4. For programs assigned to AFMC organizations other than laboratories, para 3.3.8.3. applies.

3.3.8.5. All direct, except military pay, are reimbursable for support to Air Force organizations outside AFMC, unless the reimbursement is waived by the technology director.

3.3.8.6. All direct, indirect and overhead costs, except military pay, are reimbursable for support provided to other non-Air Force DoD organizations. However, in cases of mutual benefit and joint participation, the technology director may negotiate the technology directorate's contribution, defining each participant's contribution. An MOA, documenting the cost-sharing agreement, will explain the joint participation project and how the monetary percentage of benefit was determined for each participant. Normally, entire categories of expense will not be assigned to just one of the participants for funding. Each participant will share the total cost of the entire project. Similar joint participation efforts may be arranged between the Technical Directorate(s) and other Air Force organizations.

3.3.8.7. All costs, including military pay and additive rates, but excluding user charges, are reimbursable for support to non-DoD federal departments and agencies as permitted in DoD 7000.14-R, Vol 11A, Chap 6.

3.3.8.8. All costs, including military pay, additive rates, and user charges prescribed in DoD 7000.14-R, Vol 11A, Chap 4, are reimbursable for support to nonfederal organizations (Non USG and US commercial organizations).

3.3.8.9. The guidance of the Air Force is not to compete with private industry for nongovernmental work. This guidance applies to work or services provided under the authority of 10 U.S.C. 2539b. Work, however, may be accepted from industries or individuals if they have a contract with a federal government agency that requires the work, or they meet the provisions of Title 10 U.S.C. 2539b. Work may be performed directly for all federal agencies or federal government contractors performing operational test and evaluation activities as set forth in AFI 99-103. Work can also be performed under federal cooperative arrangements involving independent research and development program. See FARs 31.205-18, 45.406 and 45.407.

3.3.8.10. Contractors using government furnished support under a Cooperative Research and Development Agreement (CRADA) will reimburse costs in accordance with the negotiated terms of the CRADA. A CRADA is defined in 15 U.S.C. 3710a(d)(1) as agreement "...Under which the Government, through its laboratories, provides personnel, services, facilities, equipment, intellectual property, or other resources with or without reimbursement .. and where the non-Federal parties provide funds, personnel, services, facilities, equipment, intellectual property or other resources toward the conduct of specified research or development effort.." It is therefore discretionary whether a CRADA will include payment to a government laboratory for the resources provided, given that other benefits realized by the Government may be adequate consideration to support the agreement. In those CRADAs where payment provisions are included, DoD Regulation 7000.14-R provides guidance on establishing appropriate charges for authorized services provided by DoD organizations.

3.4. Areas of Responsibility.

3.4.1. HQ AFMC:

- 3.4.1.1. Sets guidance for and resolves queries about defining direct, indirect and overhead costs.
- 3.4.1.2. Provides guidance on interservice policies and procedures affecting AFRL support of other DoD activities.
- 3.4.1.3. Issues instructions for programming and budgeting for AFRL operations.
- 3.4.1.4. Issues direct budget authority and reimbursable targets to the Technical Directorates under guidance from AFRL/FM.
- 3.4.1.5. Periodically adjusts total operating program to make it consistent with customer programs and projects scheduled for support.
- 3.4.1.6. Maintains accounting policies and procedures for recording laboratory and TD support costs charged to customer programs and obtaining reimbursement from customer programs.
- 3.4.1.7. Monitors JOCAS II, a system that provides internal reporting for managing and determining the cost of products and services.

3.4.2. Program Managers (Customers) Requiring Laboratory and Technology Directorate Support.

- 3.4.2.1. For programming and budgeting purposes, identify requirements to the technology directorates that customarily support their programs. Include source of requirement (DoD, other federal government, or non-federal and commercial organization).
- 3.4.2.2. Program and budget for estimated direct costs of support provided by the TD.
- 3.4.2.3. Issue funded project order (or equivalent) to the performing TD providing the support. (**Attachment 2** includes AFRL TD addressee office symbols for receipt and management of project orders.)
- 3.4.2.4. Promptly inform performing TD of all changes to planned support required.
- 3.4.2.5. Promptly prepare amendments to project orders (or equivalent) to cover charges in costs or close out completed project orders.

3.4.3. AFRL TDs.

- 3.4.3.1. Promptly give program managers estimates of costs of technology directorate support.
- 3.4.3.2. Negotiate written agreements with customer program managers on services to be performed and estimated funding required by fiscal year.
- 3.4.3.3. Budget for institutionally funded costs (DBA) and anticipated reimbursements (RBA).
- 3.4.3.4. Provide required technology directorate support after funded orders are received. (Emergency support for ongoing efforts may continue when receipt of a funded project order is delayed due only to administrative lag time AFMCI 65-603 p 1.18).
- 3.4.3.5. Promptly inform program managers on schedule, cost, or capability changes or when performance on an order is 75% complete.

3.4.3.6. JOCAS II will be used to support all billing documentation. If a customer routinely needs additional detailed information, that will be made known and agreed to during the planning and negotiating stages; any related costs will be charged as a direct reimbursable cost.

3.5. Funding Procedures.

3.5.1. Documentation Cycle. The following three steps are analogous to a program manager seeking and obtaining a contract with a commercial concern: (1) A request for proposal is prepared, (2) an offer is made by the contractor, and (3) an acceptance (agreement) is consummated. Similarly, program managers obtain an agreement for in-house support of their programs. First, they identify their requirements. Second, the supporting technology directorate indicates its capability and provides a cost estimate. Third, the program managers include in their program objective memorandum (POM)/ budget estimate submission (BES) documentation the requirement for direct funds to reimburse the research site for its support, and the laboratory will include the reimbursable direct support cost in its total operating program. These three steps require the following:

3.5.1.1. The customer program manager will prepare a program introduction document or similar requesting agency introductory requirements document such as a statement of work (SOW). The format will be specified by the supporting (performing) technology directorate. It introduces a program to the supporting technology directorate. It must include enough information so the laboratory can evaluate its ability to provide the support and prepare a cost estimate. Although the first requirements document must be made early enough to permit alignment of funds between the customer program direct funding and the technology directorate support (reimbursable) program at time of POM preparation, this will not preclude further refinement of the support requirement before a project order is issued at the start of program execution.

3.5.1.2. The supporting (performing) technology directorate will then prepare a Statement of Capability (SOC) or optional AFMC IMT 607, Budget Estimate Agreement (BEA). The SOC/BEA informs the program manager about the technology directorate's ability to support the program. The supporting technology directorate will specify the format. The SOC/BEA will also have cost information (how much DBA by fiscal year the program manager should expect to need to reimburse the technical directorate). An AFMC IMT 607 may be used for providing a documented cost estimate, which will be signed by both the performing and ordering activity authorized representatives, as noted on the IMT.

3.5.1.3. The SOC/BEA substantiates the inclusion of RBA in AFRL's total operating program and provides a measure of POM/BES consistency between the technical directorate's reimbursable program and the program manager's direct program.

3.5.2. Release of Project Orders.

3.5.2.1. Program managers will issue project orders (or equivalent documents e.g., AFMC IMTs 277, if the program manager is assigned within the supporting research site/technology directorate) to the supporting research site/technology directorate at least 30 days before the beginning of the required support (except for support scheduled to begin in October, in which case the project orders are due 1 October). Dollar amounts on project orders will be consistent with the negotiated cost determined in para **3.5.1**.

3.5.2.2. Project orders will be classified (as decided by both the program manager and the performing directorate) to show reimbursement guidance, whether reimbursable billings should be

direct cost only or full cost, including a distribution of the indirect and overhead costs. The classification will relate to the categories described in columns (2)-(10) of **Attachment 1**. The classification may, for example, be indicated by a sentence on the project order, stating in substance: "This customer order should be billed as a non-USG and US Commercial User -- see **Attachment 1**, column (10)."

3.5.2.3. Separate project orders will be required for AFRL support of FMS cases. The AF IMT 185 will include the FMS case and line number shown in item 8 and the complete accounting classification for the FMS case shown in item 9. The project order will include any necessary instructions on how reimbursable costs should be calculated.

3.5.3. Administering Accepted Project Orders.

3.5.3.1. Changes to support costs after acceptance of a project order will be negotiated in writing between the supporting technical directorate and the customer program manager. An amendment to the project order will be issued, as required. If the project order is canceled, the customer program manager is responsible for termination costs.

3.5.4. Procedures Established by Other Services. Laboratory mission program managers will comply with procedures established by the Army and Navy in defining requirements and requesting estimates for support when such support is obtained from these services.

3.5.5. Air Force Research Laboratory Administrative Responsibilities.

3.5.5.1. Provide budget authorizations received to the Financial Services Office for recording in the accounting records.

3.5.5.2. Accept only properly documented project orders or equivalent documents (DoD 7000.14-R Vol. 11A, Chap. 2 and AFI 65-601 Vol.1 Para. 5.8.1).

3.5.5.3. When ordering secondary support from another activity, finance the costs of the support by issuing a project order to the activity that will provide it. The project order will cite the Technical Directorate's appropriate reimbursable authority (690000). Costs incurred by the activity providing the secondary support will be billed to the research site requesting the support.

3.5.5.4. When the customer activity and the performing activity are not under the same commander/civilian director, the customer activity will normally use a project order to make funds available for reimbursing work accomplished (DoD 7000.14-R Vol. 11A, Chap. 2 and AFI 65-601 Vol.1 Para. 5.8.1). Generally, for the performing activity to accept the project order, most of the work must be done in-house on a reimbursable basis and the amount of the reimbursement must be determined through JOCAS II. If the customer activity's funds are to be direct cited, some other funding document will be used; for example, AF IMT 616, Fund Cite Authorization (FCA), or AF IMT 830, Procurement Directive.

3.5.5.5. When the customer activity (for example, program office) is within the technical directorate that is providing the support, AFMC IMT 277, Reimbursable Order/Request for Support from Other Agencies, will be used instead of AF IMT 185 to obligate the RDT&E mission program funds. AFMC activities will use AFMC IMT 277 to order in-house technical effort from elements within the same ordering activity (intra-organizational order). For an intra-organizational order, the ordering, execution, acceptance and performing functions may be completed by the same office. Specific guidance for using AFMC IMT 277 is contained in **Attachment 6**. Discontinue use of AFMC IMT 277 for technical effort from non-DoD federal agencies that are not govern-

ment owned government operated (GOGO) activities. Transactions between DoD and other government agencies, except NASA, are governed by the Economy Act. Generally, DD Forms 448, Military Interdepartmental Purchase Request (MIPR), will be used when ordering good and services under the Economy Act (Comptroller General Decision B-246773). For NASA transactions, follow the guidance in DFARS Subpart 208.71.

3.5.5.5.1. Mission program funds will be obligated in the month the support is to begin.

3.5.5.5.2. The amount obligated will be based on the best estimate of total obligations to be incurred.

3.5.5.5.3. Intraactivity orders will be administered the same way that interactivity project orders are administered. When the customer program funds and the performer program funds are both same year RDT&E accounts, use sales code 39. When the customer RDT&E funds and the performer funds are different fiscal years, use sales code 18.

3.5.5.5.4. On completion of the effort, as described in paragraph 3.5.5.3, accounts receivable records will be adjusted to show the expensed account as filled, the amount unfilled, and amount collected.

3.5.5.6. In billing for reimbursable costs for AFRL support, use SF 1080 to bill for costs recorded in the JOCAS II. For Air Force users, the SF 1080, Appropriations and/or Funds (in both billing and collection sections) will be completed and the servicing DFAS. Field Site will handle the expenditures as a "for self" payment if it services both the technical directorate and the customer. The DFAS Field Site will handle expenditures as a "for others" payment if the customer is serviced by a different DFAS Field Site. Information provided to support billings will be limited to information readily available from cost accounting records. When requested on the project order, a copy of the billing document will be mailed to the program manager at the same time as release of the "for others" transaction.

3.5.5.7. Use element of expense/investment codes (EEIC) 59913 and 59914 to identify indirect costs and EEIC 59923 and 59924 for overhead costs that are reimbursable from customers.

3.5.5.8. On an optional basis, when a technical directorate is both the customer and the performer, technical directorate civilian pay may be treated as a refund between the M&S direct BPACs and mission program direct BPACs. This will be done by charging EEIC 599CP in the M&S direct BPACs and charging the proper mission program direct BPACs. Costs first incurred in the M&S direct BPACs will be transferred on a refund basis from the M&S direct to the M&S reimbursable BPAC using the pertinent EEIC originally bearing the costs. All accounting records, to include the DoD Budget Guidance Manual Reports - Civilian Manpower and Funding, RCS: DD-COMP(AR)1092, must reflect accurate civilian pay data for both direct and reimbursement obligations.

3.5.5.9. Ensure that reimbursement costs for laboratory support are not incurred until project orders or other authorized funding documents are received or until there is reasonable assurance that a valid customer obligation exists.

3.5.5.10. Promptly notify program managers of support effort subject to rescheduling because of acceptance of a higher priority effort. If work has not started on an accepted project order and the technical directorate cannot provide the required support as scheduled for any valid reason not attributable to the program manager, the customer will be notified and given an opportunity to

withdraw or amend the project order. Review every reimbursable order with expiring year funds and provide program managers a statement in writing no later than 90 days before the end of the fiscal year if a funding adjustment is required prior to funds expiration.

3.5.5.11. Amend project orders with the ordering program manager when cost of performance or schedule slippage indicates need to decrease or increase the ceiling amount. Orders are amended before cost of performance has exceeded 75 percent of the current ceiling amount (DFAS-DE 7070.2-R).

3.5.5.12. Help close out completed project orders.

3.6. Program Management Interface.

3.6.1. Financial policies prescribed in this instruction are not intended to change program management responsibilities.

3.6.2. Authorizations for end items of equipment, facility projects, manpower, contract technical services, and other services under DCSs and SSOs outside the comptroller functional area will still be processed as required by directives for the functional areas.

3.7. Prescribed IMT. AFMC IMT 277.

DAVID E. PRICE, Brigadier General, USAF
Director, Financial Management

Attachment 1

LABORATORY REIMBURSEMENT GUIDE MATRIX

Figure A1.1. Reimbursement Guide for Laboratories.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
COST CATEGORY	RESEARCH 6.1	WITHIN 6.2	WITHIN TD (NON 6.2)	BETWEEN TDs	OTHER AFMC	NON-AFMC OTHER USAF	NON-USAF OTHER DoD	NON- DOD USG	NON-USG AND US COM USERS
Direct Labor-Mil	No	No	No	No	No	No	No	Yes	Yes
Direct Labor-Civ	Yes	Yes *	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Direct Costs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Indirect/OH-Mil	No	No	No	No	No	No	No	Yes	Yes
Indirect/Non-Military	Yes	No	Yes	No	No	No	Yes	Yes	Yes
Overhead/Non Military	Yes	No	Yes ***	No	No	No	Yes	Yes	Yes
Non-USG, Civ Unfunded Retirement Acceleration Rate & Asset Use Fee ****	No	No	No	No	No	No	No	No	Yes
Non-DoD/Non-USG, User Charges & Acceleration Rates to include JOCAS II Rates X2 thru X5 *****	No	No	No	No	No	No	No	Yes	Yes
Reimbursement Code	BF	BB	BF	BB	BB	BB	BF	BC	CR

NOTES:

* Beginning FY 95 all direct civilian labor charges may be reimbursed by 6.2 technical programs as a result of elimination of 06XX projects from descriptive summaries. (See **paragraph 3.3.8.2.**)

*** Beginning FY98 overhead (non- military) for non 6.2 programs may be reimbursed.

**** This acceleration rate (JOCAS II Rate X1) and user charge (JOCAS II Rate X6) is passed on to reimbursable customers that are not funded by the federal government.

***** Includes Non-DoD Customer Acceleration Rates for Military Officer Leave and Holiday (JOCAS II Rate X2), Military Enlisted Leave and Holiday (JOCAS II Rate X3), Military Officer Other Benefits (JOCAS II Rate X4), and Enlisted Other Benefits (JOCAS II Rate X5).

REMARKS:

1. Columns 5- 7: Technical director may waive reimbursable costs on a case- by- case basis consistent with prudent business practices.

2. Column 8: Technical director may negotiate reimbursable costs on mutually benefiting jobs.
3. Columns 2- 10: JOCAS II will be used to support reimbursable billings in all cases.
4. Column 9: Military labor is not accelerated (use JOCAS II standard rates).
5. Column 10: Military labor must be accelerated (use JOCAS II standard rates and acceleration rates for military benefits such as medical, retirements, PCS, etc.) (DFAS- DE 7010. 1- R, Chapter 30, Standard Rates for Military Personnel Services),

User Charges and Acceleration Rates:

Description and Application: User charges are defined by the DoD FMR as a percentage of billable customer charges to cover depreciation, interest on investments, and general and administrative costs.

Purpose: To ratably pass on a fair share of the Air Force’s various mandatory outlays incurred as a direct result of performing reimbursable customer work. The rates are applied each month during the billing cycle in the Job Order Cost Accounting System (JII). The JII Program Management Office delivers rate information prior to the beginning of each fiscal year.

Figure A1.2. Examples of User Charge and Acceleration Rates.

JII Reimbursement Codes	Indirect Costs – Civ 59913	Indirect Costs – Military 59914	Overhead Costs – Civ 59923	Overhead Costs – Military 59924	JII X1 Rate (Note 1) 59981	JII X2 Rate (Note 2) 59982	JII X3 Rate (Note 2) 59983	JII X4 Rate (Note 2) 59984	JII X5 Rate (Note 2) 59985	JII X6 Rate (Note 3) 59986
BC	YES	YES	YES	YES	NO	YES	YES	YES	YES	NO
CR	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

NOTE: 1

JII Rate X1

Title: Non-Federal Customer, Civilian Unfunded Retirement Acceleration Rate

The Air Force (as all federal entities must) contributes to the general civilian unfunded retirement benefit program. Likewise, AF customers who are not federal entities do not contribute to this cost pool. This type of user charge is also known as an additive rate. The burden is applied as a percentage to reimbursable civilian salary costs incurred for non-federal customers and is recorded against EEIC 59981.

The cost recoveries in this category are collected into a treasury receipt account.

NOTE: 2

JII Rate X2

Title: Non-DoD Customer, Military Officer Leave and Holiday Acceleration Rate EEIC: 59982

JII Rate X3

Title: Non-DoD Customer, Military Enlisted Leave and Holiday Acceleration Rate EEIC; 59983

JII Rate X4

Title: Non-DoD Customer, Military Officer Other Benefits Acceleration Rate EEIC: 59984

JII Rate X5

Title: Non-DoD Customer Military Enlisted Other Benefits Acceleration Rate EEIC: 59985

Direct project costs incurred by military personnel are underwritten by a centrally managed allotment and are not reimbursable to the laboratory where the work effort was actually expended. Military personnel costs are, however, aggregated for total project effort visibility. AFMC entities performing reimbursable services pass on military personnel costs to only non-DoD customers.

In addition to direct military labor costs, non-DoD customers must contribute ratably to fringe and leave for military officers and enlisted personnel. These types of user charges or additive rates are applied as a percentage of military labor costs and are levied upon only non-DoD customers.

NOTE: 3

JII Rate X6

Title: Non-Federal Customer, Asset Use Fee EEIC: 59986

This additive rate or user charge, is passed on to reimbursable customers are not funded by the federal government. The burden is ratably applied as a percentage of total non-labor related project costs.

Attachment 2

AFRL OFFICE ADDRESS LIST FOR FUNDING DOCUMENTS

Table A2.1. Office Address List.

Name of Technology Directorate and AFRL/FM Office	Management	Postal Address
Air Vehicles (VA)	AFRL/VAF	2130 Eight Street, Bldg 45, Suite 1 Wright-Patterson AFB OH 45433-7542
Sensors (SN)	AFRL/SNF	2241 Avionics Cir, Bldg 620. Suite 18 Wright-Patterson AFB OH 45433-7320
Materials & Manufacturing (ML)	AFRL/MLF	2230 Tenth Street, Suite 1 Wright-Patterson AFB OH 45433-7817
Propulsion (PR)	AFRL/PRF	1950 Fifth Street, Bldg 18 Wright-Patterson AFB OH 45433-7251
Human Effectiveness (HE)	AFRL/HEF	2610 Seventh St. Wright-Patterson AFB OH 45433-7008
Directed Energy (DE)	AFRL/DEF	3550 Aberdeen Ave. SE Kirtland AFB NM 87117-5776
Space Vehicles (VS)	AFRL/VSF	3550 Aberdeen Ave. SE Kirtland AFB NM 87117-5776
Munitions (MN)	AFRL/MNF	101 West Eglin Blvd, Suite 232 Eglin AFB FL 32542-6810
Information (IF)	AFRL/IFF	26 Electronic Parkway Rome NY 13441-4514
Air Force Office of Scientific Research (AFOSR)	AFOSR/FM	875 North Randolph Street Suite 325, Rm 3112 Arlington VA 22203
Air Force Research Laboratory (FM)	AFRL/FM	1981 Monahan Way, Bldg 12 Wright-Patterson AFB OH 45433-5209

Attachment 3**PUBLIC LAW 103-160, SECTION 846****(As amended by Pub. L. 105-261, div. A, title VIII, Sec. 820, Oct. 17, 1998)****U.S. Code 10 Section 2681 "Use of test and evaluation installations by commercial entities"**

A3.1. Contract Authority. The Secretary of Defense may enter into contracts with commercial entities that desire to conduct commercial test and evaluation activities at a Major Range and Test Facility Installation.

A3.2. Termination or Limitation of Contract Under Certain Circumstances. A contract entered into under subsection (a) shall contain a provision that the Secretary of Defense may terminate, prohibit, or suspend immediately any commercial test or evaluation activity to be conducted at the Major Range and Test Facility Installation under the contract if the Secretary of Defense certifies in writing that the test or evaluation activity is or would be detrimental - (1) to the public health and safety; (2) to property (either public or private); or (3) to any national security interest or foreign policy interest of the United States.

A3.3. Contract Price. A contract entered into under subsection (a) shall include a provision that requires a commercial entity using a Major Range and Test Facility Installation under the contract to reimburse the Department of Defense for all direct costs to the United States that are associated with the test and evaluation activities conducted by the commercial entity under the contract. In addition, the contract may include a provision that requires the commercial entity to reimburse the Department of Defense for such indirect costs related to the use of the installation as the Secretary of Defense considers to be appropriate. The Secretary may delegate to the commander of the Major Range and Test Facility Installation the authority to determine the appropriateness of the amount of indirect costs included in such a contract provision.

A3.4. Retention of Funds Collected From Commercial Users. Amounts collected under subsection (c) from a commercial entity conducting test and evaluation activities at a Major Range and Test Facility Installation shall be credited to the appropriation accounts under which the costs associated with the test and evaluation activities of the commercial entity were incurred.

A3.5. Regulations and Limitations. The Secretary of Defense shall prescribe regulations to carry out this section.

A3.6. Definitions. In this section: (1) The term "Major Range and Test Facility Installation" means a test and evaluation installation under the jurisdiction of the Department of Defense and designated as a Major Range and Test Facility Installation by the Secretary. (2) The term "direct costs" includes the cost of - (A) labor, material, facilities, utilities, equipment, supplies, and any other resources damaged or consumed during test or evaluation activities or maintained for a particular commercial entity; and (B) construction specifically performed for a commercial entity to conduct test and evaluation activities.

Attachment 4

TEST CENTER REIMBURSEMENT GUIDANCE MATRIX.

NOTES:

1. DoD per NDAA Columns 4 - 5.
2. Commercial User Under flex Pricing Columns 6-9.
3. FMS Columns 10-11.

Figure A4.1. Reimbursement Guide for Test Centers:

COST CATEGORY	DoD Per NDAA				Commercial User Under Flex Pricing				FMS		
	DoD	NON-DoD USG	MULTIPLE CUSTOMER	SINGLE CUSTOMER	Level 1	Level 2	Level 3	Level 4	FUNDED UNDER MAP	FULLY FUNDED	SPECIAL CATEGORY
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Direct Labor –Mil	No	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes	No
Direct Labor- Civ	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Direct Costs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Indirect/OH-Mil	No	Yes ***	No ***	No	No	No	Yes	No	No	Yes ***	No
Indirect/Non-Mil	No	Yes	No	No	No	Yes-	Yes	Yes	Yes	Yes	No
Overhead/Non- mil	No	Yes ***	No	No	No	No	Yes	Yes	Yes	Yes ***	No
User Charges**	No	No	No	No	No	No	Yes	No	No	No	No
Military Additive Rates	No	No	No	No	No	No	Yes	No	No	Yes	No
Civilian Additive Rates	No	No	No	No	No	No	Yes	No	Yes	Yes	No
Reimbursement Code	BB	BC	BM	BS	CF	CI	CR	CS	FN	FR	SP

NOTES:

** Per DoD 7000.14-R, Volume 11A, Chapter 4

***Per DoD 7000.14-R, Volume 11A, Chapter 12 and Title 10 USC Section 2681, Use of Test and Evaluation Installations by Commercial Entities, commercial users, charged only direct costs and appropriate indirect cost to cover the marginal (additive) cost of providing the service. Note: For foreign commercial testing:

Since Title U.S.C. 2681 is not the authority, other statutory authority must be found for such testing. Any amounts charged for foreign commercial testing must be deposited in Miscellaneous Receipts, unless the statutory authority explicitly states otherwise.

Section 232 of FY03 National Defense Authorization Act (NDAA) directed that by FY06 institutional and overhead costs of facilities or resources of the MRTFB are fully funded through the major T&E investment accounts and charges to DoD customers of those facilities or resources will be only the direct costs for use of those facilities or resources.

Remarks:

Columns 2-12: JOCAS II will be used to support reimbursable billings in all cases.

Column 3: Military labor is not accelerated (use JOCAS II standard rates). Reimbursement Code (BC) is eligible for the same flexible pricing as Commercial Customers as approved by Public Law 103-160, Section 846 ([Attachment 3](#)). This law authorizes installation commander/civilian director flexibility in pricing for commercial customers.

Columns 4 & 5: These Reimbursement Codes (BM & BS) represent the new pricing policy under the FY03 National Defense Authorization Act (NDAA) At the beginning of the fiscal year, each test range will be required to submit a matrix showing the EEIC's contained in the cost category which will be reimbursed to HQ AFMC for approval and concurrence from AF/TE.

Columns 6-9: These Reimbursement Codes (CF, CI, CR, CS) represent flexible pricing policy for commercial customers as approved by Public Law 103-160, Section 846 ([Attachment 3](#)). Asset use fee may be waived by the installation commander/civilian director under this policy provision.

Columns 6-9 :: Military labor uses JOCAS II standard rates plus additive acceleration rates (for military benefits such as medical, retirements, PCS, etc.) when applicable.

Column 11: Military labor must be accelerated.

Attachment 5

REIMBURSABLE CODE TABLE BY CUSTOMER

Table A5.1. Reimbursable Code Table by Customers.

CODE	DESCRIPTION	REIMBURSABLE EEICs
NR	In-House, Non-Reimbursable Job Orders	NONE
AA	Joint Participating Customers (Labs Only) With Director Approval	39X
AB	Joint Participating Customers (Labs Only) With Director Approval	60X (Except 601 & 603), 61X
AC	Joint Participating Customers (Labs Only) With Director Approval	59X (Except 599.13, 599.14, 599.23, 599.24, 599.XX)
AD	Joint Participating Customers (Labs Only) With Director Approval	40X, 42X, 43X
BB	DoD Customers For T&E Activities T&E Customers For Lab Activities SDIO For T&E Customers, DoD Tenants On Major Range And Test Facility Base (MRTFB) Installations, And Other AF Customers For Lab Activities	All Except 20X (military pay only), 545, 599.XX and additive costs
BC	Non-DoD Government Customers	All Except Additive Costs for Asset Use Charge (Depreciation) and Unfunded Portion of Civilian Retirement
BE	FMS Funded Under Military Assistance Program (MAP) Grant and/or Non-Repayable Credits	All Except 20X (military pay only), 599.14, 599.24
BF	Non-AF Other DoD Customers, Missile Defense Agency, and AFOSR (PE 6.1 Research)	All Except 20X (military pay only), 545, 599.14, 599.24, and Additive Costs
SP	Special Category	All Except 20X (military pay only), 545, 599.XX, and Additive Costs
CF	Commercial Customer and Non-DoD Government – Customer Would Use Under Utilized Capacity and Bring In Additional Work (For MRTFB Customers Only)	All Except 545, 599.XX and Additive Costs (No Overhead or Indirect)

CODE	DESCRIPTION	REIMBURSABLE EEICs
CI	Commercial Customer and Non-DoD Government – Customer Would Use Excess Capacity and Would Not Necessarily Bring In Additional Work (For MRTFB Customers Only)	All Except 545, 599.23, 599.14, 599.24 and Additive Costs (Includes CIV Indirect)
CR	Commercial Customers – Full Reimbursement	All Including Additive Rates and Asset Use Charge
CS	Commercial Customers and Non-DoD Government – Customer Uses a Little Bit of Excess Capacity But Brings in Additional Customers (For MRTFB Customers Only)	All Except 545, 599.14, 599.24 and Additive Costs (Includes Civ Indirect and Overhead)
FN	Foreign Military Sales – Funded Under Military Assistance Program (MAP) Grant and/or Non-Repayable Credits – (For “Friendly Nations”)	All Except 20X (military pay only), 599.14, 599.24, Military Additive Rate and Asset Use Charge
FR	Foreign Military Sales – Full Reimbursement	All (Including Additives) Except Asset Use Charge
BM	MRTFB DoD Customers Who Are Using Established MRTFB Capabilities	EEIC Charges Will Be Determined By The Test Range and a Matrix Will Be Approved By MAJCOM With AF/TE Concurrence at the Beginning of Each Fiscal Year or When New EEIC’s Are Approved.
BS	MRTFB DoD Customers Having Single, Unique Testing Requirements the MRTFB Doesn’t Provide in Its Capabilities Baseline	EEIC Charges Will Be Determined by the Test Range and a Matrix Will Be Approved by MAJCOM with AF/TE Concurrence at the Beginning of Each Fiscal Year or When New EEIC’s Are Approved.

NOTE: Any additional reimbursement codes required will be requested, justified and coordinated through HQ AFMC/FMF/FMP and approved by SAF/FMPT. No adjustments or overrides to these reimbursement codes or expense code relationships will be authorized. Contact HQ AFMC/FMF for assistance.

Attachment 6

INSTRUCTIONS FOR COMPLETING AFMC IMT 277

A6.1. General Instructions.

A6.1.1. The ordering activity will determine if an order serves a bona fide need in the year of the appropriation; otherwise, a valid obligation does not exist.

A6.1.2. The performing activity must begin work within a reasonable period of time after accepting an order.

A6.1.3. The order is comparable to a contact placed with a commercial concern. Do not use orders to circumvent provisions of law, accomplish what directives and instruction do not permit, or continue an appropriation.

A6.1.4. DoD and Air Force policy is that when a reimbursable order is accepted, an obligation is incurred and remains on the accounting records of the ordering activity until liquidated, terminated, or otherwise closed out. This rule also applies to a direct cite order, except that the obligation is incurred when the contract is signed.

A6.1.5. Orders citing 3010, 3020, and 3080 funds must comply with the "full funding" policy according to AFI 65-601, Volume 1.

A6.2. Requirements for In-house Technical Effort.

A6.2.1. The ordering activity will provide the performing activity advance planning data on requirements for technical effort. These data are included in a program introduction document (PID) or similar document serving the same purpose.

A6.2.2. The performing activity will provide the ordering activity cost and capability data. These data are included in a statement of capability (SOC) or similar document.

A6.2.3. The ordering activity, after further negotiation if necessary, will issue a reimbursable order to the performing activity for final acceptance.

A6.3. Responsibilities and Procedures for Orders Performed In-house.

A6.3.1. Acceptance Office:

A6.3.1.1. Accepts, controls and clears all incoming orders.

A6.3.1.2. Receives and coordinates responses on PIDs, SOC's and orders.

A6.3.1.3. Finalizes agreement arrangements after discussion with ordering activities.

A6.3.1.4. Initiates acceptance of orders, provides copies to the ordering activity and distributes copies of accepted orders to the DAO and to other offices as locally determined.

A6.3.1.5. Monitors progress through status inquiries. When reimbursable orders are 75 percent complete or when 75 percent of the available funds have been used, reviews the project for fund requirements. Take immediate action to obtain additional funds or release excess funds, as applicable.

A6.3.1.6. Provides estimate of anticipated reimbursement to the budget office.

A6.3.1.7. Designates the office responsible for completing the order.

A6.3.1.8. Informs the DAO when the order is completed and ensures all actions are completed before closing the order.

A6.3.1.9. Prepares AF IMT 406, Miscellaneous Obligation Reimbursement Document (MORD), to record an order received by phone or electronic media and ensure AFMC IMTs 277 are subsequently received and MORDs are closed out.

A6.3.2. Execution Office (responsible for completing work requested):

A6.3.2.1. Provides planning estimates to the acceptance office as needed.

A6.3.2.2. Reviews cost and status reports to provide revised or supplemental funding requirements. Informs acceptance office when reimbursable orders are 75 percent complete or when 75 percent of the available funds have been used.

A6.3.2.3. Informs the acceptance office when a reimbursable order is completed.

A6.3.2.4. Informs the acceptance office regarding new or change requirement, work stoppages, schedule variations, or cost changes.

A6.3.2.5. Prepares MORDs when emergency work is started before receipt of a valid order.