OFFICE OF THE UNDER SECRETARY OF DEFENSE
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COMPTROLLER

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MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
PRINCIPAL DIRECTOR OF BUSINESS OPERATIONS, DEFENSE SECURITY COOPERATION AGENCY

SUBJECT: Approval to Reduce the Attrition Rate for Foreign Military Sales Training to Zero Percent, Effective Fiscal Year 2017

This memorandum approves the Defense Security Cooperation Agency (DSCA) request to reduce the attrition surcharge factor, applied to Foreign Military Sales tuition Rate A, from one percent to zero percent, effective with the Fiscal Year 2017 tuition rates. Accordingly, the Defense Finance and Accounting Service is responsible to incorporate this change in the next updates to Department of Defense Financial Management Regulation 7000.14-R, Volume 15, Chapters 3 and 7. DSCA maintains responsibility to reflect this change in the Security Assistance Management Manual, Chapter 9.

Dedicated training programs will be excluded from this percentage reduction unless provisions of the Letter of Offer and Acceptance state whether an attrition factor is charged or some other arrangement has been made concerning the destruction of equipment in the liability statement. Non-tuition based training that involves training or operational equipment as training aids must include the following liability statement: "The Purchaser is liable for any damages to U.S. Government equipment caused by negligence on the part of the student."

DSCA will continue to analyze the balance retained in the attrition surcharge account annually and conduct a detailed review every five years. From this analysis DSCA will determine the solvency of the account and recommend any necessary adjustment of the surcharge factor.

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