

**VOLUME 11A, CHAPTER 12 “MAJOR RANGE AND TEST FACILITY BASE
(MRTFB)”**

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue and underlined font](#).

The previous version dated [July 2013](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Chapter Title	Changed the chapter title from “Major Range and Test Facilities (MRTF)” to “Major Range and Test Facility Base (MRTFB)”.	Revision
1.1 (120101)	Added an “Overview” paragraph to introduce the subject and provide general information regarding the MRTFB.	Addition
1.3 (120103)	Added an “Authoritative Guidance” paragraph to establish the statutory basis for this chapter.	Addition
2.0 (1202)	Added a “Definitions” section to clarify specific terms used in this chapter.	Addition
3.0 (1203)	Added a “Responsibilities” section to identify the Under Secretary of Defense Acquisition, Technology and Logistics, the DoD Chief Information Officer and the Secretaries of the Military Departments, and MRTFB users’ financial management responsibilities of MRTFB operations.	Addition
4.1 (120401)	Added a general policy paragraph requiring the MRTFB to operate under uniform financial guidelines and DoD Components operating MRTFB to work with the Director, Test Resource Management Center to ensure financial uniformity and consistency.	Addition
4.2 (120402)	Added a paragraph to clarify the different types of MRTFB users (customers) and the impact the type of user has on MRTFB reimbursements.	Addition
4.3 (120403)	Revised the “Accounting” paragraph to clarify cost accounting requirements and provide applicable Federal Accounting Standards Advisory Board guidance as well as financial statement reporting guidance.	Revision

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
4.4 (120404)	Added policy requirements mandating MRTFB activities to use support agreements to establish the General Terms and Conditions between buyers and sellers for all inter- and intra-governmental reimbursable transactions and ensure the Standard Line of Accounting is adhered to and properly annotated when generating or accepting reimbursable orders. In addition, starting in Fiscal Year 2017, the Department of Treasury's G-Invoicing platform must be used to upload and store all support agreements for reimbursable activity.	Addition
4.4.2.1.3. (120404.B.1.c)	Revised subparagraph to clarify and provide the rationale for the rule that the cost of direct (and indirect) military labor must not be charged to another DoD Component.	Revision
4.5 (120405)	Revised the "Disposition of Collections" subparagraph to make a distinction between the disposition rules or policies of MRTFB working capital fund activities and MRTFB non-working capital fund activities.	Revision

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CHAPTER 12

MAJOR RANGE AND TEST FACILITY BASE

1.0 GENERAL (1201)

*1.1 Overview (120101)

The Major Range and Test Facility Base (MRTFB) is a national asset which is sized, operated, and maintained primarily for Department of Defense (DoD) test and evaluation support missions, but also is available to non-DoD users having a valid requirement for its capabilities. The MRTFB is operated and maintained primarily for DoD test and evaluation support missions under the oversight of the Director, Test Resource Management Center (TRMC). The MRTFB is managed and operated to provide test and evaluation support to the DoD Components responsible for developing or operating weapons systems. They are also available to Federal, state, local, and allied foreign governments as well as commercial users when a valid requirement for range capabilities exists. MRTFB missions vary from testing missiles and aircraft to ensuring that electrical components can survive in various environments. The MRTFB is designed to assure the most cost-effective development and testing of materiel, and provide for inter-Service compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing.

1.2 Purpose (120102)

This chapter provides reimbursable policy for DoD MRTFB. This chapter does not apply to the commercial space launch activities of the 30th and 45th Space Wings contained in Chapter 13. Additionally, this chapter does not apply to the sale of samples, drawings, information, equipment, and certain services contained in Chapter 14.

*1.3 Authoritative Guidance (120103)

1.3.1. **DoD Directive (DoDD), Number 3200.11**, “Major Range and Test Facility Base (MRTFB)”. This Directive realigns the policy and responsibilities for the MRTFB.

1.3.2. **DoD Instruction (DoDI), Number 3200.18**, “Management and Operation of the Major Range and Test Facility Base (MRTFB)”. This Instruction implements policy and assigns responsibilities for the management and operation of the MRTFB.

1.3.3. **Title 10, United States Code (U.S.C.), section 2208**. Sections 2208(a)(2) and 2208(o) of Title 10 provide authority to the Secretary of Defense to establish working-capital funds (WCFs) to provide working capital for activities that provide common services across DoD and to other persons outside DoD when authorized by law.

1.3.4. **10 U.S.C. § 2681**. Section 2681 of Title 10 authorizes the Secretary of Defense to enter into contracts with commercial entities that desire to conduct commercial test and evaluation activities at a MRTFB.

*2.0 DEFINITIONS (1202)

The following terms and definitions are provided for the purposes of this chapter:

2.0.1. MRTFB. The designated core set of DoD Test and Evaluation (T&E) infrastructure and associated workforce that must be preserved as a national asset to provide T&E capabilities to support the DoD acquisition system.

2.0.2. MRTFB Activity. Organizational command element of a DoD Component responsible for managing MRTFB capabilities and resources.

2.0.3. Non-DoD Component Users. Federal, state, or local government agencies; allied foreign governments; defense contractors; commercial entities, and private organizations.

2.0.4. Direct Costs. Direct costs are those costs that are directly attributable to the use of the facility or resource for testing under a particular program. DoD Component users must reimburse MRTFB activities for direct costs readily identifiable with a particular program. Chargeable direct costs include labor, contract labor (which includes a portion of general and administrative (G&A) expense and overhead), material, minor construction, utilities, equipment, supplies, items damaged or consumed during testing, and any resource or item maintained for a particular program. Direct costs must be billed in accordance with Chapter 1 and must be identified to a job or function served in support of a customer order.

2.0.5. Indirect Costs. Indirect costs are overhead costs of the MRTFB activities and are not to be charged to DoD Component users. Indirect costs are defined as the costs of maintaining, operating, upgrading, and modernizing the facility or resource. Indirect costs do not include any incremental costs of operating the facility or resource that are directly attributable to the use of the facility or resource for specific testing under a particular program. The following are examples of types of indirect costs, although the list is not all inclusive:

2.0.5.1. General administrative services, security, rent, operating and maintenance costs for buildings, equipment, and utilities;

2.0.5.2. Preventative and usage maintenance;

2.0.5.3. Cost of leases, except when the cost of the lease can be directly associated with a specific customer and the appropriation is available to fund the leases;

2.0.5.4. Upgrade or modernization of an MRTFB facility, not expressly needed for testing for a specific customer;

2.0.5.5. Routine calibration of instruments;

2.0.5.6. Maintenance and repair of shop machinery; and

2.0.5.7. Replacement of obsolete equipment.

*3.0 RESPONSIBILITIES (1203)

The following responsibilities were established in DoDD 3200.11 and DoDI 3200.18 and specifically represent the financial management responsibilities of MRTFB operations.

3.1 Under Secretary of Defense (USD) Acquisition, Technology and Logistics (AT&L) (120301)

USD AT&L, specifically the Director, TRMC will:

3.1.1. Review and provide oversight of proposed DoD budgets and expenditures for the MRTFB; and

3.1.2. Coordinate MRTFB decisions affecting financial policy and matters containing a monetary value (financial and non-financial) with the Under Secretary of Defense (Comptroller).

3.2 DoD Chief Information Officer (CIO) and the Secretaries of the Military Departments (120302)

DoD CIO and the Secretaries of the Military Departments will:

3.2.1. Plan, program, and budget for institutional costs of operation, maintenance, and sustainability of the MRTFB; and for capability improvements, modernization, and recapitalization; and

3.2.2. Implement a reimbursement system to define and collect user charges in accordance with Volume 11A, Chapters 1 and 4.

3.3 MRTFB user(s) (120303)

MRTFB user(s) will:

3.3.1. Plan, budget, and fund the MRTFB activities for applicable direct and/or indirect costs; and

3.3.2. Promptly fund the activity managing the MRTFB facility or range for any damage to property or equipment caused by the user in the preparation for, or conduct of, any activity on the facility or range or for direct costs incurred for aborted or canceled tests.

4.0 POLICY (1204)

*4.1 General (120401)

The MRTFB must be managed and operated under uniform financial guidelines across the DoD Components. Accordingly, all direct and indirect costs charged to MRTFB users must be uniform and applied consistently among all the MRTFB activities. DoD Components must work with the Director, TRMC to ensure financial uniformity and consistency. All costs incurred by MRTFB activities must be billed to one of the following sources: (1) MRTFB users (customers), (2) direct appropriations of the managing activity, or (3) other sources as directed by DoD.

*4.2 MRTFB Users (Customers) (120402)

A MRTFB may be used by DoD Component users (including DoD training users) and Non-DoD Component users. The type of user or customer determines the total amount charged to the user and whether they are charged only direct costs or direct costs plus an appropriate level of indirect costs.

*4.3 Accounting (120403)

4.3.1. Cost information is an important basis in setting user fees and reimbursements. Each MRTFB activity must accumulate and report as required, the costs of its activities for management and audit purposes. In accordance with the *Statements of Federal Financial Accounting Standards 4*: “Managerial Cost Accounting Standards & Concepts”, costs must be accumulated through the use of cost accounting systems. Such systems or techniques must be able to accurately capture full costs (i.e., direct costs or costs directly attributed to a specific user; and indirect costs or costs that cannot be directly attributed to a specific user) and more importantly, be used to determine accurate user charges or standard rates under agreements entered into pursuant to Chapter 1 and *DoD Instruction (DoDI) 4000.19*, “Support Agreements”. Additionally, appropriate separation of duties and levels of authorization must be implemented into the cost-tracking process to protect vulnerable areas such as controls over automatic user billing and rate validation. All rates must be applicable to the specific product or service provided. Each MRTFB activity must validate standard rates at least annually and adjust them accordingly to reflect unanticipated changes in costs or market values.

4.3.2. In accordance with DoDD 3200.11, MRTFB activities are categorized as Army, Navy, Air Force, or DoD CIO. Specifically, MRTFB activities are comprised of multiple assets, each of which is reported individually on its respective consolidated Balance Sheet under General Property, Plant, and Equipment and further disclosed in Note 10 to the financial statements.

*4.4 Reimbursements for MRTFB Activity Usage (120404)

In accordance with DoDI 4000.19, MRTFB activities and DoD or Non-DoD Federal Component users must use support agreements (memorandums of agreement or understanding) to document and establish the General Terms and Conditions (GT&Cs) between buyers and sellers for all inter- and intra-governmental reimbursable transactions. Additionally, in accordance with Volume 1, Chapter 4, buyers and sellers must ensure the Standard Line of Accounting is adhered to and properly annotated when generating or accepting a reimbursable order (i.e., Military Interdepartmental Purchase Request). Moreover, reimbursement of direct costs incurred for aborted or canceled tests or for damages to property or equipment caused by a user in the preparation for, or conduct of, any activity on the facility or range must be pursued to the extent permitted by law and DoD policy.

NOTE: For support agreements established during and or after Fiscal Year (FY) 2017 and whose terms extend beyond FY 2017, MRTFB activities and DoD or Non-DoD Federal Component users are required to upload and store their agreements on the Department of the Treasury's G-Invoicing (formerly Invoice Processing Platform).

4.4.1. Working Capital Fund Activities. If an organization finances a MRTFB activity using WCFs, then its operations will be funded through reimbursable inter-governmental orders and user fees collected from non-Federal users. Under the stabilized price standardized cost recovery method, managers of WCF activities within each Component must set rates/prices based on full cost recovery and must charge users in accordance with established pricing policies contained in Volume 2B, Chapter 9 and Volume 11B.

4.4.2. Non-Working Capital Fund Activities. If an organization does not finance a MRTFB using WCFs, then its operations will be funded through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users.

4.4.2.1. DoD Component Users

4.4.2.1.1. Direct Costs. DoD Component users are to be charged and must reimburse MRTFB activities for direct costs identifiable with a particular program or customer order. Direct costs billed must be in accordance with Chapters 1 and 4 and must be attributed to a job or function served in support of a customer order.

4.4.2.1.1.1. By mutual agreement, investments in new or existing test and evaluation facilities may be funded, in whole or in part, by one or more DoD users of a MRTFB activity. This agreement, however, must explicitly delineate responsibilities for ownership/capitalization of the asset, funding, staffing, operating, and maintaining the facility, and must be approved by all parties prior to obligation of any funds for the project.

4.4.2.1.1.2. Investments made under subparagraph 4.4.2.1.1 that change the composition of the MRTFB must conform to DoDI 3200.18.

4.4.2.1.1.3. Direct incremental costs (i.e., costs resulting from an increase in production) must be charged to DoD Component users.

4.4.2.1.2. Indirect Costs. DoD Component users are not to be charged and must not reimburse MRTFB activities for indirect costs.

4.4.2.1.2.1. Overhead (indirect) costs must not be charged to DoD Component users, and must remain as costs fully borne by the MRTFB activity and paid for by the institutionally funded program element accounts comprising the MRTFB's budgetary structure.

4.4.2.1.2.2. Indirect incremental costs must not be charged to DoD Components.

* 4.4.2.1.3. Military Personnel Costs. As a rule, the applicable military personnel appropriations must fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD Component user. Therefore, since a direct appropriation is provided for that purpose, the cost of military labor must not be charged to another DoD Component user except for the cost of military personnel assigned to the WCF activities. WCF activities must be reimbursed by their users for the cost of military labor as prescribed in Volume 11B, Chapter 12.

4.4.2.2. Non-DoD Component Users.

4.4.2.2.1. Direct Costs. Non-DoD Component users are to be charged and must reimburse MRTFB activities for all direct costs readily identifiable with a particular program or customer order. Military labor incurred by non-Working Capital Fund activities must be charged to non-DoD Component users on the basis of the actual hours worked or assigned. Military personnel costs must be computed or priced at the composite standard military pay rates in accordance with Chapter 6, Appendix I.

4.4.2.2.2. Indirect Costs. MRTFB commanders may charge non-DoD Component users an appropriate level of indirect costs at their discretion. Any indirect costs incurred, but not billed to a user, must be billed to the MRTFB activity's institutional or appropriated funding. Appropriated funding levels, however, must not be increased to finance any additional indirect cost incurred due to sales to non-DoD activities.

4.4.3. Foreign Military Sales. Foreign Military Sales users must reimburse MRTFB activities in accordance with Volume 15, Chapter 7. This chapter does not, and must not, be construed to permit foreign customer countries or foreign commercial entities to purchase services from MRTFB activities through other than Foreign Military Sales procedures authorized under the Arms Export Control Act.

4.4.4. Government-Furnished Services. When the use of an MRTFB activity has been included in a contractual agreement as government-furnished services, the user must be charged based on the category of the contracting government agency (see subparagraphs 4.4.2.1 or 4.4.2.2).

*4.5 Disposition of Collections. (120405)

4.5.1. Working Capital Fund Activities. For a MRTFB activity financed using WCFs, reimbursable operations are funded through reimbursable inter-governmental orders and user fees collected from a non-Federal user. Section 2208(h) of Title 10, U.S.C., provides general authority for retention and use of amounts collected under both inter-governmental orders and user fees. Reimbursable inter-governmental orders are valid budgetary resources available to a MRTFB activity for obligation; however, a MFTRB activity financed using WCFs may not recognize user fees as a budgetary resource until collected from a non-Federal user.

4.5.2. Non-Working Capital Fund Activities. For a MRTFB activity not financed using WCFs, its operations may be financed through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users. Inter-governmental orders under reimbursable statutory authorities such as the Economy Act increase available budgetary resources in the reimbursable program of the appropriation the Component uses to finance the MRTFB. To the extent a statutory miscellaneous receipts exception is applicable to a reimbursable transaction with a non-Federal user, user charges collected from such users may be credited to the reimbursable program of the applicable direct appropriation. Section 2681(d) of Title 10, U.S.C., provides such authority for certain transactions with commercial entities conducting test and evaluation activities at MTRFB activities.